

CHAPTER 9

VENDOR PAY0901 INTRODUCTION090101. General.

A. This chapter prescribes required procedures to process and pay vendor pay transactions for activities serviced by the Defense Finance and Accounting Service -Indianapolis Center (DFAS-IN) network. It applies to all vendor pay charges and payments processed by a DFAS-IN affiliated Operating Location (OPLOC), Finance and Accounting Office (FAO), external certifying officer, or any other office processing vendor payments for DFAS-IN. This chapter should be used in conjunction with the Department of Defense Financial Management Regulation (DoDFMR), Volume 10, the Federal Acquisition Regulation (FAR), the Defense Federal Acquisition Regulation Supplement (DFARS), the Army Federal Acquisition Regulation Supplement (AFARS), and other applicable references.

B. Policies and business practices contained in this chapter will change as new systems replace the existing contracting, entitlement, and disbursing systems as we head toward a paperless environment. Some changes may not affect continental United States (CONUS) or outside the continental United States (OCONUS) activities simultaneously. Even though changes may come quickly, the DFAS-IN Vendor Pay Procedures Office will strive to produce updates to this chapter upon notification of new practices or operating systems. Chiefs of Vendor Pay are encouraged to formulate standard operating procedures to ensure vendor pay technicians are trained to perform their duties in a standard manner and to fully understand the vendor pay processes and their impact.

C. This chapter includes most of the vendor pay (accounts payable) policy messages issued in fiscal year (FY) 1997, FY 1998, FY 1999 and through message number 00-04 of FY 2000. Messages pertaining to a specific time period are not included, e.g. the message citing BI-Annual Prompt Payment Act (PPA) Treasury Rates, American Express closeout guidelines, etc

090102. Responsibilities.

A. DFAS-IN will establish procedures and provide policy for processing serviced activity's vendor payments. The DFAS-IN Vendor Pay Procedures Office's mailing address is DFAS-IN, ATTN: DFAS-IN/FSC, 8899 E. 56th Street, Indianapolis, IN 46249-2001.

B. OPLOCs/FAOs, external certifying officers and others processing vendor payments will:

1. Implement procedures to make all vendor payments based on the terms of the contract and the PPA. Payments may be made up to 7 days early based on PPA guidelines and reported as such, but all efforts must be made to not make a late payment, to preclude interest penalty charges.

2. Authorize disbursement of public funds only when the payment is correct, proper, and legal, and only when proper documents or information support the disbursement to include but not limited to, certification and an obligation in the accounting records which is equal to or greater than the payment

3. Establish review/audit procedures to ensure regulatory requirements of pre/post review of vendor payments are accomplished. All payments \$2,500 or more should be audited and those under \$2,500 should be audited using a percentage of payments, to be determined locally.

C. Chiefs of vendor pay offices:

1. Will ensure there are systems access controls in place. Chiefs of vendor pay offices are responsible for each system under control and must ensure that payment processing controls are strengthened by establishing separate organizational responsibility to include but not limited to the following:

a. Vendor pay personnel will not process obligations into the accounting system.

b. Non-certifiers (vendor pay personnel who do not have authority/systems access to certify) may:

(1) input contracts, invoices, receiving report information, and changes to remittance addresses to include check and electronic fund transfer (EFT) payments.

(2) change the address to mail documentation supporting EFT payments when an advice of pay (AOP) is returned due to an invalid address. The mailing of an AOP does not affect the payment process. The invoice address or the forwarding address from the post office may be used for mailing the AOP for EFT payments.

c. Certifiers.

(1) Are appointed in accordance with sections 3321, 3325, 3527 and 3528 of Title 31, United States Code (U.S.C.).

(2) Are pecuniary liable for erroneous payments resulting from the performance of their duties in accordance with 31 U.S.C. 3528.

(3) May not have systems access to input contracts, invoices, receiving report information and changes to remittance addresses and may not manually input them.

(4) May not compute payments.

2. Can establish adequate controls by using the job profile screen in the entitlement system. The chiefs of vendor pay offices will revise system access levels to correspond with organizational responsibilities. The goal is to match the office duties to the access levels in the job profile screen.

3. Will immediately implement internal controls deemed necessary. Detailed documentation to support strengthening the controls will at a minimum be included in local standard operating procedures and be made available upon request.

D. External certifying officials are appointed and will follow all vendor pay processing requirements.

E. Contracting officers are responsible for awarding and administering all procurement documents. A procurement document must have written confirmation that funds are available prior to being awarded. This confirmation must be from an appointed funds control official. Contracting officers will:

1. Ensure that all procurement documents identify the complete official address of the vendor pay office making the payments. When multiple fund citations with different fiscal station numbers (FSNs) are on a single procurement document, the contracting officer must designate the vendor pay office having the largest amount of dollars on the procurement document to make payment.

2. Insert in procurement documents the correct payment clauses from the FAR and/or DFARS.

3. Submit transmission within two days of the award date. If hard copy documents are used, submit to the vendor pay office within five working days of the award date. Modifications to procurement documents must also be provided to the vendor pay office either electronically or by hard copy. Electronic transmission of procurement documents is the preferred way to send documents to the vendor pay office.

F. Receiving activity personnel will provide receiving reports (RR) or electronic information on receipt and acceptance of goods or services to vendor pay offices within five working days of delivery or completion of performance of services. Electronic transmission of receiving and acceptance reports is the preferred method.

G. The installation, activity, or agency commander/director will establish procedures necessary to ensure that electronic information or supporting documents (RRs, etc.)

reach the vendor pay office on time and contain the required information. Chiefs or designated individuals of vendor pay offices should notify commanders/directors when serviced activities are causing late payments and or interest penalty payments and request command support to correct any difficulties causing late payments. Receiving reports that do not contain the required information will be returned to the issuing activity for correction.

090103. Organization and Functions of the Vendor Pay Office.

A. Organization.

1. There is no mandatory organizational structure for the vendor pay office. OPLOCs/FAOs etc. will determine what structure is most effective and efficient for their organization.

2. Factors to consider when organizing this function are:

- a. The volume and types of transactions processed.
- b. The type and kind(s) of automation available and the system interfaces with other organizations both within and outside the serviced activity.
- c. The number and grade of available personnel.

3. Regardless of the structure, the vendor pay office will have a centralized control area to receive, date stamp upon receipt and control the vendor pay document. This task is essential to the successful implementation of the PPA.

4. One method of dividing workload within the office is to assign one type contract to one technician (for example, construction contracts, utility payments, tuition/training payments, etc.). Another is to divide work alphabetically by the first letter of vendor names or contract number (for example, letters A, B, and C to one technician, letters D, E, F to another, etc.) Technicians must be rotated at specific intervals to reduce the potential for fraud and for training purposes, cross training or multiple types of training purposes.

B. Functions. Vendor pay personnel will prepare, audit and process all related documents used in the payment for goods and services purchased for serviced activities. This responsibility includes but is not limited to:

1. Receiving and controlling documents, (such as procurement documents, invoices, and receiving reports), and reviewing these documents to ensure the information is correct and complete (review for altered documents). In organizations that have remote users or electronic interfaces with other organizations, vendor pay personnel may not receive actual documents but will review the automated information. However, the underlying principle for reviewing documents is the same.

2. Reviewing documents for alteration. Documents that appear to be altered should be further examined for possible fraudulent intent. If fraud is suspected, take the document immediately to the Vendor Pay Supervisor (within four hours). The Vendor Pay Supervisor must determine within 24 hours of receiving the document from the technician if fraudulent intent exists. If no fraud was intended, the document will be returned to the submitter with an explanation of why it is an improper document. If fraud is suspected, the supervisor will take the document to the Chief, Vendor Pay for review. If the Chief, Vendor Pay suspects fraud, he/she will elevate the fraudulent intent through the chain of command to the OPLOC Director, Commander, or other appropriate individuals. The document will be retained, safeguarded, and referred for appropriate investigation. A Situation Report (SITREP) will be submitted to DFAS-IN-CCC and the Office of General Counsel for their review and action with the DFAS-IN leadership. This will be accomplished before any referral to the Defense Criminal Investigative Service. The PPA clock does not stop during this process unless an invoice is determined to be invalid, or improper and returned within seven days of receipt. During the review maintain organizational (Command), functional area, and individual levels of responsibility and accountability for each phase involved in the overall process (e.g., preparation, approval, processing, certification, and record retention) to ensure internal controls are in place and working as intended. Improper alterations include but are not limited to:

- a. White-Out. Check for a possible buildup of white-out on amounts, vendor name and vendor address.
- b. Taping. Dark straight lines from correction tape usually are visible on copied documents.
- c. Cutting and Pasting. Tape placed on the document before copying can leave dark lines on the copied document.
- d. Facsimile Copies. Facsimile documents are acceptable but care must be taken to ensure the fax or copy process is not used to obscure improper alterations.
- e. Font Change. Spacing and print size differences may be detected if the font could not be matched.

3. Making proper revision to documents. A proper revision to a hard copy document is made by drawing a line through the incorrect information, then adding the correct information. The drawn line should not obliterate the original data. Revisions must be initialed by the individual making the changes. Changes to electronically submitted documents are accomplished via cancellation of the original submission and submission of the revised document. All hard copy documents retained at the source must contain information identical to what was electronically submitted.

4. Determining whether a payee is entitled to a payment under U.S. laws and regulations.

5. Inputting accurate dates of receipt of invoices and receiving reports into the entitlement system.
6. Using element of resource (EOR) 43** for late payment interest charges and the correct reason code. See DFAS-IN Manual 37-100-FY.
7. Preparing, certifying and submitting vendor pay transactions ready for payment in time to ensure that the payment is made on the correct payment due date, to preclude interest penalties or lost discounts. Effective April 1, 1999, EFT will be mandatory for all vendor payments. Vendor pay personnel will verify that an obligation is recorded in the accounting books before payment of invoice. Effective October 1, 1999, obligation matching, (prevalidation), is mandatory for all vendor payments.
8. Maintaining an automated payment history file of payments made to vendors.
9. Maintaining data required for the PPA report.
10. Performing all record management functions for open, inactive, and closed files. As automated systems replace hard copy documents and information is passed from system to system, automated versions of supporting documents will be used. Maintain automated history files in a computer or stored on computer disk for six years and three months after final payment. If hard copies are used these must be maintained for six years and three months after final payment. Hard copy documents should be maintained at a Federal Records Center (FRC) for any future retrieval of documents. See Chapter 2.
11. Making stoppages and offsets against vendors indebted to the U.S. Government.
12. Handling assignment of claims and bankruptcy cases, including ensuring that legal directives are followed and payments are made to the correct person/organization.
13. Making payments directed by legally authorized entities that have adjudicated a claim against the U.S. Government and determined that payment is due a claimant.
14. Preparing and processing Treasury Department (TD) Form 1099-MISC for vendors who have been paid \$600 or more in a calendar year for services regardless of corporate status. The TD Form 1099-MISC must also be prepared for individuals earning royalties of \$10 or more in any given calendar year.
15. Responding to customer inquiries or complaints about payments. Also, responding to inquiries from the White House, U.S. Senate and U.S. Congressional officials.

C. Deleted Records Report (DRR).

1. The vendor pay entitlement systems, Computerized Accounts Payable System (CAPS) -Windows and Clipper versions, produce this report. The DRR for CAPS-Windows is produced on demand; for CAPS-Clipper it is produced during the cycle of daily reports. This report provides an audit trail of deleted purchase orders and the identification code of the CAPS user that performed the deletion transaction. The report is a tool for vendor pay and senior managers to use as a method to monitor deleted record transactions and identify attempts to commit fraud.

2. When the report is run it produces a print out of the contracts in the deleted records table and changes the flag to reprint status. The following categories are shown on the report as described.

a. Purchase orders marked for deletion are purged from the system after the report is run. They may be recalled up to that time.

b. Invoices and receiving reports are purged at the time they are marked for deletion and can not be recalled. They appear on the report to provide an audit trail. Invoices with payments pending can not be deleted until they are altered back to the [awaiting payment] status.

c. Accounting line items are purged at the time they are marked for deletion, but do not appear on the report.

d. Miscellaneous payments that are aborted or altered appear on the report.

3. Vendor pay office and other paying offices must implement the following internal controls and ensure they are included in standard operating procedures.

a. Users at CAPS-Windows sites should run this report individually (not in batch mode) at least once a week. (The report is automatically produced in the daily reports cycle at CAPS-Clipper sites.)

b. The chief of vendor pay, or higher level manager, will ensure a minimum of one hard copy report is reviewed for improper actions each time it is produced (daily or weekly). The hard copy report will be maintained for a period of six years and three months in a location that is not accessible to the general employee population. The reviewing authority will affix their signature and date of review after entering one of the following statements onto the DRR:

(1) I have reviewed this report and have found no discrepancies or unauthorized transactions within it.

(2) I have reviewed this report and have found the following discrepancies or unauthorized transactions within it. Further action(s) concerning these discrepancies or unauthorized transactions will be reported under separate documents, i.e., SITREP, memorandum, etc.

c. The report will be made available to managers, reviewers, inspectors, investigators, etc., having a bona fide need to use it at the discretion of the chief of vendor pay or higher level manager.

090104. Contracting, Funding, and Vendor Pay Office Functions.

A. It is a contracting officer function to procure supplies and services. It is a program manager/ budget function to commit/obligate funds for these purchases. The vendor pay office is responsible for preparing payments for disbursement of funds for these purchases. This information is included to show the relationship between serviced activities and contracting officers. Should the provisions given here vary from procurement regulations (FAR, AFAR and DFARS), the procurement regulations will govern.

B. The duties outlined in paragraph 090104.A will remain separate. The person or organization that places an order for a contract or purchase order for goods or services cannot be the person or organization that receives the goods or services. Both of these functions (ordering and receiving) will be separate from the functions of processing the payment and recording the transaction into the accounting records.

090105. Summary of Purchasing and Paying Actions. The following steps are taken from the time a purchase is initiated until payment of the invoice:

A. An activity usually initiates a purchase by preparing a Department of Army (DA) Form 3953 (Purchase Request and Commitment). The purchase request is then submitted to the fund holder to certify fund availability and commit funds for the purchase. The document is sent to contracting or supply personnel to requisition the goods or services. Most sites use an electronic means to process contracts, which is the preferred method. If the contracting office uses hard copy procurement documents, it will return a copy to the ordering activity, and two copies are sent to the vendor pay office. Vendor pay personnel will use one copy to support the disbursement. As automated systems are implemented, much of this requesting/purchasing information will flow electronically from system to system eliminating the need to forward actual paper copies.

B. After the supplies are delivered or the non-personal services are performed per the procurement document the authorized U.S. Government representative prepares a receiving report meeting the minimum requirements (based on FAR 32.905 F), or certificate of conformance and forwards it to the paying office. This may be done via an automated system rather than by a hard copy. Electronic transmission is the preferred method for indicating delivery, receipt and acceptance.

C. The vendor's invoice must be "proper" and must be sent to the designated billing office identified in the contract.

D. Vendor pay personnel will examine all supporting information or documents to ensure they are complete, correct, legal, and proper. They will ensure an obligation in the accounting records is equal to or greater than the payment to be made prior to making the payment. These documents will be prepared for payment. The certifying official certifies the payment. Payments are uploaded or interfaced to disbursing. All vendor payments should be made as soon as possible upon receipt of proper documentation.

E. All relative supporting documents become part of the vendor pay office retained accounts. In completely automated offices, these retained "documents" may be a payment history file in a computer or stored on computer disks.

F. Signature policy for electronic document access is contained in the following references: DFAS-HQ memorandum dated October 6, 1997, Subject: Electronic Document Access (EDA); DFAS-HQ memorandum dated March 20, 1998, Subject: Electronic Document Access Signature Policy; DFAS-HQ memorandum dated April 30, 1998, Subject: Electronic Document Access (EDA); and DFARS 204.802, Subject: Contract Files.

1. DFAS has developed an Internet application to reduce reliance on paper and improve the way business is conducted. EDA will be expanded to include virtually any document that is used in high volume. Authorized users using Internet tools from nearly any location or communication network within Department of Defense (DoD) can access these electronic documents. EDA offers on line storage and retrieval of post award contracts, contract modifications, both personal property and freight government bills of lading (GBLs) and vouchers in a compressed text format.

2. Certain business practices are required to maximize performance and ensure mutual success. These business practices include timely availability of documents, release of only official authorized documents, and formal modification of contracts (i.e., no pen/ink changes to contract documents). There is no requirement that the vendor pay office copy of contractual documents contain original handwritten signatures or their facsimiles when agencies are engaged in electronic commerce.

0902 PROCUREMENT

090201. Overview of Contracting Functions.

A. An official procurement document is necessary to support the purchase transaction. A wide selection of procurement documents are available to contracting officers providing them with the flexibility to buy supplies and services to support their activity's mission. Contracting officers are responsible for procurement documents being correct and legal; however, vendor pay personnel must be familiar with procurement regulations to ensure information is correct. This is particularly true if the payment terms in a procurement document

differ from payment rules under PPA. Any meetings or telephone conversations with contracting personnel on these subjects will be documented.

B. The contracting officer, who executes a procurement document or modifies it, will make appropriate distribution of the document copies (FAR 4.2 and DFARS 4.202). (See DFARS 4.70 for document numbering specifications.) The procuring contracting officer keeps all original procurement documents in the official contract file. However, if hard copy documents are being used, they must furnish two signed copies to the vendor pay office. This action is not necessary for procurement documents sent electronically. The procurement document may be sent from the contracting office to the vendor pay office electronically if automated capability is available; therefore, no hard copy version is necessary. In this case, there will not be a signed copy of the procurement document in either the vendor pay or accounting files. Contracting officers will use "electronic signatures" or passwords to authenticate the transmission as prescribed by the automated system.

090202. Contract Numbers.

A. Contracting officers assign procurement document numbers as directed in DFARS 4.70. The numbering system is the uniform procurement instrument identification (PII). Vendor pay personnel must become familiar with the numbering system, because procurement documents are numbered according to procurement type. There are different payment terms for each category of procurement.

B. Major elements of the number are separated by hyphens; for example, DABT15-98-F-0001. The meanings of these elements are:

1. DA identifies the Department of the Army.
2. DABT15 identifies the contracting office that issued the procurement document. A list of all DoD contracting offices and their codes is in DFARS, Appendix N.
3. The numeral "98" identifies the FY in which the procurement document was issued.
4. The ninth position is a capital letter that identifies the type of procurement document:
 - a. A - Blanket Purchase Agreement (BPA).
 - b. B - Invitation to bid.
 - c. C - Contracts, excluding indefinite delivery type contracts.
 - d. D - Indefinite delivery type contracts.

- e. E - Facilities contract.
- f. F - Delivery orders placed with or through other U.S. Government departments or agencies.
- g. G - Basic ordering agreements (BOA).
- h. H - Agreements other than BOA.
- i. L - Lease agreement.
- j. M - Purchase order-manual.
- k. N - Notice of intent to purchase,
- l. Q - Request for quotation (RFQ)-manual.
- m. S - Sales contract.
- n. T - RFQ-automated.

5. The 10th through 13th positions are the serial numbers of the procurement document. A separate set of numbers is used for each type of document. Each series of PII numbers at each activity starts with the number 0001 at the beginning of each FY.

6. Delivery orders under indefinite delivery type contracts , orders under BOAs, and calls under BPAs have a four-position alpha/numeric number that is supplementary to the 13-position basic PII number.

090203. Contract Modifications. After the initial procurement document is issued, it may be necessary to modify it for changes in quantities, prices, extension of performance periods, liquidated damages, appropriation data, delivery points, a change in the vendor pay office or designated billing office, remit to address or other matters. Standard Form (SF) 30 (Amendment of Solicitation/ Modification of Contract) is used for modifications; either the hard copy form or an electronic transmission. Contracting officers retain the original of all modifications but, as with the initial procurement document, must provide two copies of each modification or change to the vendor pay office if electronic transmission is not used. Again, electronic transmissions of modifications or changes are preferred. Contracting officer's electronic signature or password will authenticate the modification. Since modifications or changes to procurement documents affect when, how much, or what can be paid, contracting offices will provide these to the vendor pay office as soon as possible, usually within five working days after they are issued.

090204. Small Purchases. The FAR and DFARS allow simplified procurement procedures for small purchases. Purchases where the total dollar value is \$25,000 or less are regarded as small purchases. Contracting officers have many different types of small purchase procedures to buy different supplies or services.

090205. Defense Department (DD) Form 1155 (Order for Supplies or Services/Request for Quotations). DD Form 1155 is used for small purchases. Either the preprinted form or a computer-generated form is used. Automated contracting offices with interfaces into CAPS may send the information electronically. DD Form 1155 is used as a purchase or delivery order, a BPA, receiving and acceptance report, and a property voucher. In non-automated payment offices, it is a payment voucher. When it is used as a purchase order, the amount cannot exceed \$25,000 per DD Form 1155 (including modifications). However, there is no monetary limit when it is used as a delivery order, a BPA or BOA against a basic contract which has a firm purchase price established. SF 30 must be used for modifications to DD Form 1155. Use either the hard copy form or an electronic transmission.

A. When the contracting office uses the pre-printed hard copy version of the DD Form 1155, they keep the original signed copy for the official contract file and furnish a copy to the designated agency office.

B. For those vendor pay offices with automated payment systems which produce a SF 1034 (Payment Voucher For Purchases and Services Other Than Personal) as a payment voucher, vendor pay personnel will use it to support the disbursement.

C. For those offices which do not have automated systems which produce SF 1034 payment voucher, use the hard copy DD Form 1155 as a payment voucher.

D. Those vendor pay offices that receive electronic transmission of procurement documents can pass a transmission through CAPS into the accounting system for obligating purposes. Hard copies are not required to be maintained by the vendor pay office. The authorizing procurement document information must be retained as part of the payment history file for six years and three months after the final payment.

E. In non-automated environments, the contracting officer will send two copies to the receiving activity to use as a receiving and acceptance report. After completing the form, receiving activities will send one copy to the contracting office or retain it within their own files. The other copy is sent to the vendor pay office to support the disbursement. Ensure the receiving report meets the requirements in FAR 32.905 F or it will be returned to the issuing activity for correction and payment will be delayed until the corrected receiving report is received by the paying office.

F. When automated versions of the DD Form 1155 are sent electronically from contracting, it is not necessary to produce a printed version for a hard copy file, either to support the disbursement or the obligation.

G. When electronic versions of the receiving and acceptance report are sent to the vendor pay office, it is not necessary to print a hard copy to put into a file. However, like the procurement document above, the information on the receiving and accepting report must be available for six years and three months after the final payment.

090206. SF 44 (Purchase Order-Invoice-Voucher).

A. An SF 44 is designed primarily for over-the-counter purchases when a credit card cannot be used while away from the contracting office or at isolated activities. Contracting officers control the form and appoint those individuals authorized to make purchases on the SF 44 as ordering officers. Contracting officers also determine what numbering system will be used for the SF 44s they control. General instructions for using SF 44 are printed on the form itself. SF 44s are authorized only when the contracting officer considers no other small purchase method suitable and only when all of the following conditions are met:

1. Each transaction does not exceed \$2,500.
2. The supplies or services are immediately available.
3. Only one delivery and one payment will be made.

B. The SF 44 is a six-part carbon interleaved form. After making a purchase with SF 44, ordering officers will complete all applicable portions; leave Copy 4 in the book, keep Copy 6 for their records and forward four readable copies to the vendor pay office. Vendor pay personnel will make distribution as follows:

1. Copy 1 is the invoice and can also be used as a payment voucher in non-automated vendor pay offices. Automated vendor pay offices will attach the computerized SF 1034. It may be sent singularly or attached to an original SF 1034.
2. Copy 2 is given to the vendor at the time of a cash purchase or provided upon payment by other means.
3. Copy 3 is the receiving and acceptance report. It is used like any other such document.
4. Copy 4 is retained in the book of forms unless the contracting officer directs otherwise.
5. Copy 5 is used to obligate the purchase.

C. Except in wartime, combat or near-combat zones, the ordering officer does not pay the vendor in cash. In this situation, the ordering officer completes Copy 3 as the receiving and acceptance report.

D. Vendor pay personnel will prepare a SF 1034, using the SF 44 as a sub-voucher when:

1. The amount paid the vendor is less than the invoiced amount, except when discount is taken. The SF 44 document number must be put on the SF 1034, along with information on the reason for the difference.

2. If more than one invoice from the same vendor is being paid, The SF 1034 must show the procurement document number of each SF 44. In this case, only the SF 1034 is certified. Certification is not required on each attached SF 44.

3. Automated systems produce a computer-generated SF 1034 as the payment voucher, copies of the SF 44 are used as the procurement document, the invoice, and the receiving and acceptance report.

E. Payments not made in cash at the time of purchase are subject to PPA. The payment due date is 30 days after the ordering officer receives the products and invoice, which is usually the day the merchandise is bought. Payments for meat are seven days after the purchase. Agriculture and dairy products are paid 10 days after the purchase. Interest is due on late payments. Early payments may be made upon receipt of all proper documentation, however must be reported as early payments.

090207. Using the Government-Wide Commercial Purchase Card for Small Purchases.

A. Applicability.

1. Government purchase cards are issued under a General Services Administration (GSA) firm fixed price requirement contract. These paragraphs prescribe policy and procedures to implement the use of a credit card as a payment mechanism for the purchase of supplies and services within the simplified purchasing procedures.

2. These procedures affect the Purchase Card Bank (which will subsequently be referred to as the Bank) Billing Statements only, and apply to vendor pay personnel assigned to DFAS-IN, OPLOCs, FAOs, and other activities which process Army purchase card invoices. The responsibilities for Army Cardholders, Approving Officials (AO), and Agency/Organization Program Coordinators (A/OPC), and Transaction Dispute Offices, that are listed in these paragraphs are general in nature and are not all inclusive. Army personnel should also follow more detailed guidance provided by the contractor, their Directorate of Contracting, chain of command, Major Army Commands (MACOMs), etc.

3. These procedures have been coordinated with Headquarters Department of the Army (HQDA) and are for use at Army FAOs.

4. The purchase card is authorized for use to make over-the-counter Government purchases of items, which are immediately available, or telephone purchases, which are available for delivery within 30 days, or within the billing period. It should be used in lieu of SF 44, BPA, and BOA whenever possible.

a. The purchase card may be used as a method of payment for all commercial training requests for civilian and military personnel using the DD Form 1556 valued at or below \$25,000.00. The intent also is to use the purchase card for military members, using DA Form 2171 and SF 1034 w/memoranda for Reserve Officer Training Corps (ROTC) members. Components are encouraged to issue a government-wide purchase card to those authorized to obligate and expend funds by means of the DD Form 1556 and other training forms. The DD 1556 and other training forms shall cite the purchase card as the method of payment.

b. The purchase card may be used for all medical services valued at or below \$2,500.00 unless it is determined to be inappropriate or not cost effective. (The Medical Prime Vendor Program and the DoD Medical Electronic Catalog (ECAT) Program are two examples where the use of the purchase card may not be cost effective. Because of the wholesale pricing of medical products and low cost electronic fund transfers, the purchase of medical supplies and equipment through these programs are often more effective than using the purchase card.) The purchase card cannot be used to purchase medical services in the following circumstances: the purchase involves a controlled substance or narcotic; the purchase must be supported by the submission of a health card summary record (HCSR) to document the nature of care purchase; the ultimate price of the medical card is subject to an independent determination that changes the price paid based on application of a mandatory Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) maximum allowable charge (CMAC) determination that reduces the government liability below billed charges; where the government has already entered into a contractual arrangement with a contractor to pay for health care services without the use of a purchase card; and when the purchaser is a beneficiary seeking medical care. Contact the A/OPC for further policy that may apply.

c. Use of the purchase card for purchase of mixed items such as meats, produce, and dairy products is encouraged.

d. While supplies or services may be procured on DD Form 1155 or a BPA, the purchase card can be used as the payment vehicle. Do not send the DD Form 1155 through your vendor pay office when paying by purchase card.

5. The purchase card should be used to the greatest extent possible, and allowable under guidelines provided. It should be used for all purchases at or below \$2,500.00 and as a payment method. Contracts must state the purchase card can be used as the payment method.

a. The purchase card cannot be used where the actual vendor does not have the ability to process the card. Purchase card check accounts (convenience

checks) may be established to pay for official business expenses with those merchants who are not capable of accepting a Visa card. Check with the appropriate A/OPC for restrictions. Also see paragraph 090207.B.3.

b. Under no circumstances will the purchase card be used for personal use by the cardholder, cash advances; rental or lease of land or buildings; or for telecommunications (telephone) equipment/services (FTS 2000, etc.).

6. The card does not replace SF 149 (U.S. Government National Credit Card) used by the Interagency Fleet Management System.

B. Types of Accounts. Each A/OPC establishes the accounts and together with the Resource Manager assigns the master line of accounting and monetary limits to the cardholder's profile.

1. Plastic Accounts. A plastic account is a 16-digit Visa account number with expiration date printed on a plastic purchase card. The card may only be used by the designated Cardholder and must be used for official government use only. The purchase card is not to be used for personal purchases or any purchases other than those made for official government business in accordance with service/agency policy. The card design is specified by the GSA contract. Phrases printed on the card are "For Official Use Only" and "U.S. Government Tax Exempt". Plastic accounts can be established by indicating "plastic" on the Cardholder Account Setup form.

2. Cardless Accounts. A cardless account is a 16-digit Visa account number with an expiration date, but no plastic. Cardless accounts are established when no card is needed because purchasers place orders over the phone. Orders may be mailed, faxed, or telephoned with the I.M.P.A.C. Purchasing Card account number. Merchants identify authorized purchasers with information such as service/agency name, address, phone number, and card expiration date. Merchants fill and ship orders along with the receipt, then receive payment generally within three business days. Cardless accounts can be established by indicating "no plastic" on the Cardholder Account Setup form. Cardless account transactions will also be reflected on the Cardholder Statement of Account, just like a regular purchasing card account.

3. Check Accounts. A purchase card check account is an enhancement to the Cardholder account. The checks are also referred to as convenience checks. Checks are issued as a supplement to the purchasing card program to pay for official business expenses with those merchants who are not capable of accepting a Visa card, e.g. small businesses, trainers, guest speakers, etc. The amounts for purchases generally are in the \$500.00 to \$700.00 range and cannot be issued for more than \$2,500.00 range. Checks are also available to provide added flexibility in accessing the benefits available in the Cardholder's purchase card account. All requests for convenience checks need to be forwarded to DFAS for approval and submission to the purchase card bank. Refer to the August 1999 change to the DoDFMR 7000.14-R, Volume 5, Chapter 2, Section 0210, paragraph 021001.E.

C. Responsibilities.**1. Cardholder.**

- a. Use the card for purchasing items and services in accordance with agency policies.
- b. Maintain card security to prevent unauthorized use. Under no circumstances may a cardholder permit other personnel to make purchases on their behalf or with the assigned card.
- c. Establish and maintain a transaction log to track purchases.
- d. Obtain receipts and verify their accuracy at the point of purchase.
- e. Contact the A/OPC and the Bank immediately in the event the card is lost or stolen or if it is believed the account number has been compromised in any way.
- f. Reconcile the Cardholder's Statement of Account with the transaction log and all associated receipts and forward to the Billing Official for certification.
- g. Resolve billing discrepancies on the Cardholder's Statement of Account with the merchant and the Bank.
- h. Resolve problems such as, but not limited to, outstanding balances, disputed items, returned and damaged purchases, and unauthorized purchases with the appropriate personnel.

2. Billing Official (BO). Formerly performed by the service/agency's AO.

- a. Verify that certification authority has been properly established at the vendor pay and/or disbursing office.
- b. Receive the official invoice, called the Billing Statement, at the cycle date and date-stamp upon receipt from the Bank. The receipt date is very important and will be used by vendor pay personnel to compute the due date under the PPA. Failure to date-stamp the receipt date on a billing statement will result in vendor pay personnel using the billing statement date to compute the due date for payment. The PPA clock will start with that date in lieu of actual receipt date.
- c. Ensure that cards issued under their authority are properly utilized.

d. Review and reconcile Cardholder Statements of Account to ensure that receipts and documentation are in order. Ensure that reconciled statements, transaction logs, and associated charge slips/receipts are received for each purchasing account, in accordance with service/agency procedures. Match the information to the Billing Statement.

e. Certify in accordance with the Office of the Under Secretary of Defense (Comptroller) (OUSD(C)) certifying officer's guidance, the billing statement for payment by indicating the amount to be paid in the space provided on the billing statement and signing the certification statement. This should be the current billing activity on the billing statement, providing the previous balance from previous statements have been certified and paid. In addition, the BO will ensure that applicable accounting data is provided on the statement detail. A purchase card certifying officer (BO) has pecuniary liability for payments in accordance with the provisions of 31 U.S.C. 3528(a). The DoDFMR 7000.14-R, Volume 5, Chapter 33 cites the certifying officer legislation guidance. Vendor pay personnel will pay the amount certified by the BO. DFAS will process and bill for each line submitted. A certification by the A/O indicates the BO has been properly appointed as a purchase card certifying officer and that proper documentation is on file at the disbursing office.

f. Mail the original and one copy of the certified, date-stamped billing statement to the vendor pay office to be received no later than 15 days after it is received. If sent electronically, the certified, date-stamped billing statement should be received no later than 15 days after the BO receives it.

g. Coordinate, if necessary, with the Bank and vendor pay personnel to determine the status of unpaid balances on billing statements.

h. Maintain the original cardholder statements, receipts, etc., for a period of three years.

i. Help cardholder resolve problems such as, but not limited to, outstanding balances, disputed items, returned and damaged purchases, and unauthorized purchases with the appropriate personnel.

j. Notify the A/OPC when there is a new Billing Official assigned to the Billing Office.

3. Agency/Organization Activity Program Coordinator (A/OPC).

a. Has overall responsibility for the coordination of the government purchase card program within the agency/activity. The A/OPC serves as the focal point for answering questions, contract administration, coordination of the applications, issuance and destruction of cards, establishment and review of reports, administrative training and is the overall point of contact.

- b. Assists cardholders in normal card usage procedures.
- c. Assists BO's with their duties and responsibilities.
- d. Establishes certification authority for each BO. As part of this process the A/OPC, mails a cover letter including the following information to the vendor pay office, prior to submitting the first billing statement for payment:

- (1) Copy of the Purchase Card Certifying Officer's Appointment and acknowledgment of appointment.

- (2) Original Signature Card (DD Form 577).

- (3) BO's billing account number.

- (4) BO's address/phone number.

- (5) A/OPC's address/phone number.

- (6) Interest penalty accounting classification. PPA interest penalties will be charged to either a separate line of accounting annotated on the certification package forwarded to the vendor pay office or, if not provided, the first line of accounting on the billing statement.

- e. Certify billing statements in the absence of a BO when so designated and the appropriate documents are provided.

- f. Help resolve problems such as, but not limited to, outstanding balances, disputed items, returned and damaged purchases, and unauthorized purchases with the appropriate personnel.

4. DFAS Vendor Pay Offices.

- a. Maintain BO/Certifying Officer's appointment letter, acknowledgement of appointment, and signature card.

- b. Receive and date-stamp the original and copy of the certified billing statement received from the BO.

- c. Input data as required by the entitlement system. Process the billing statement for payment in accordance with PPA rules, agency guidelines, regulations, and entitlement systems procedures.

d. Pay certified billing statement amounts in full, upon receipt of the proper documentation and upon verification that an obligation amount exists in the accounting records that is equal to or greater than the payment amount.

e. Compute and add interest penalty payments to the amounts certified by the BO if not paid by the 30th day after receipt of a valid invoice by an authorized government official.

f. Provide payment information to the Bank, A/OPCs and BOs as requested.

g. Act only as the paying agent. Payments will be made to the purchase card Bank based on the BO's certification. DFAS paying offices will not replicate the reconciliation process before making payment on certified purchase card billing statements. Make payments as soon as the proper documentation is received. The card issuing bank will suspend cardholder accounts when they are 60 days past due (90 days past the billing date). Accounts will be reinstated when brought up to date; however, cardholder accounts suspended more than twice in a twelve-month period will be canceled.

5. Resource Managers.

a. Purchase card transactions shall be funded with the "bulk" funding method but may be obligated in an amount equal to the total amount of the purchase card invoice. This method requires a periodic fund reservation (obligation) equal to the anticipated purchases for that period. Obligations should be posted to the accounting records when the card is swiped for a purchase. Funding procedures may change when future electronic commerce (EC)/electronic data interchange (EDI) transaction sets are implemented.

b. Ensure an existing obligation amount is sufficient to cover the anticipated disbursements. If not, an increase to the obligation amount will be made. Obligations must be recorded before the invoice is sent to the paying office to allow the prevalidation process to "clear" the payment.

c. Ensure that the EOR cited is the one most appropriate for the types of purchases made with the card, i.e., training, medical supplies, etc. When a variety of goods and services are purchased EOR 26RB should be cited.

6. Transaction Dispute Office (TDO).

a. Serves as the focal point for disputing transactions and serves as a liaison between the BO and A/OPC.

b. Ensure the cardholders are properly disputing transactions within required time frames.

- c. Initiate transaction disputes when the Cardholder is unavailable or there is no cardholder.
- d. Track disputed transactions
- e. Analyze and monitor I.M.P.A.C. reports on transaction disputes.
- f. Participate in annual training conferences and disseminate information to agency/organization personnel regarding any changes to dispute procedures.

C. Payment by EFT.

- 1. When paying purchase card invoices, it is imperative the following procedures are adhered to.
 - a. Make payments to the purchase card bank via EFT through the entitlement and disbursing systems. The effective date of payment is the date on the electronic payment. Recommend EFT payments be received by the bank three days prior to cycle to guarantee posting.
 - b. Ensure the following payment information is included: financial institution name, taxpayer identification number, routing transit number, account title, 16-digit billing account number, type of account, payment amount, and automated clearing house (ACH) format.
 - c. It is imperative the AOP be sent to the bank and contain the billing statement account number. The purchase order number constructed from the account number will appear on the AOP.

D. Other information on the purchase card program is referenced in the DFARS.

090208. Imprest Fund.

A. General. See DoDFMR, Volume 5, Chapter 2 for detailed guidance on establishment, operation, and control of imprest funds. Requests for the establishment of an imprest fund will be forwarded through the OPLOC serving the activity, or for activities not served by an OPLOC, through the activity providing vendor pay support to DFAS-IN, ATTN: DFAS-IN-FDB, 8899 E. 56th Street, Indianapolis, IN 46249-8672. For activities receiving disbursing support from Directorate for Central Disbursing (DCD), once approval is obtained, the commander will submit a memorandum, through the OPLOC, to DCD, stating the proposed effective date for establishment of the fund. This memorandum, together with the letter appointing the imprest fund cashier must be received by DCD before the imprest fund cashier will be advanced funds.

B. Reviews. The commander of activities who receive disbursing support from DCD will provide a report of each required review, through the servicing OPLOC to DFAS-IN, ATTN: DFAS-IN/FDB, 8899 E 56 Street, Indianapolis, IN 46249-8673.

C. DCD Guidance. Detailed procedures for activities who receive disbursing support from DCD are on the Internet at WWW.ASAFM.ARMY.MIL/DFAS/DCD.HTM.

090209. Fast Payment Contracts.

A. Fast pay contracts are designed to pay vendors quickly, before an authorized U.S. Government representative has checked and accepted the goods. These contracts will be used sparingly because of audit vulnerability. While contracting officers determine the use of fast payment contracts, vendor pay personnel will challenge their use if any of the conditions in paragraphs 1 through 4 below are not met. Fast payment contracts can only be used when all of the following conditions are met:

1. Individual orders do not exceed \$25,000.
2. Deliveries of supplies are to occur where there is both a geographical separation and a lack of adequate communication facilities between U.S. Government receiving and disbursing activities.
3. Title to the supplies passes to the U.S. Government upon delivery to a post office or common carrier or when the U.S. Government receives the goods if the shipment is by means other than the post office or common carrier. A common carrier is any individual or business which transports passengers or cargo for payment.
4. The vendor agrees to promptly replace, repair, or correct supplies not received at destination, damaged in transit, or not conforming to the procurement document.

B. Vendor's will prominently mark their invoices "FAST PAY". However, check the contract to ensure that it is actually a fast payment document since some vendors mark all their invoices "Fast Pay". Under fast payment contracts, the vendor's invoice is a certification that:

1. The supplies have been delivered to a post office, common carrier, or to the point of first receipt by the U.S. Government.
2. The vendor agrees to replace, repair, or correct supplies not received at destination, damaged in transit, or not conforming to the procurement document requirements.

C. The vendor is obligated to replace, repair or correct erroneous shipments at their expense, provided the contracting officer instructs them to do so within 90 days (6 months on shipments overseas) from the date title to the supplies passes to the U.S. Government.

D. For post office or common carrier shipments, the invoice must cite the date of shipment, name and address of carrier, and bill of lading number or other shipment document number, or copies of these documents must be attached to the invoice to prove shipment. If other than post office or common carrier is used, there must be a receipt copy of the vendor's delivery document attached to the invoice.

E. The payment file on fast payment procurements cannot be closed until a receiving and acceptance report assures that the goods have been received and accepted. Vendor pay personnel must start follow-up efforts to obtain receiving and acceptance reports within 20 days after the date of payment (40 days on overseas shipments). The contracting officer has only 90 days (6 months overseas) after goods are shipped to notify the vendor of a defective shipment. Vendor pay personnel will inform the contracting officer if they have not received confirmation of receipt and acceptance by 30 days after payment. If the report has not been received by 60 days (5 months overseas) after the payment was made, again inform the contracting officer. Retain copies of all documents used to obtain confirmation of receipt and acceptance (including records of phone calls made). Include those that notified the contracting officer that receipt and acceptance had not been confirmed in the retained, inactive file. These files are retained for six years and three month.

090210. National Guard Bureau State Contracts. U.S. Property and Fiscal Offices (USPFOs) in each state share costs with their state on building or maintaining property. If the state contracting officer, acting in his or her capacity as a state employee, issues contracts for this work using the states funds, payments the USPFO makes to the state or to the vendor are exempt from PPA. However, if the USPFO contracting officer, acting in his or her capacity as a Federal employee, issues the contracts using Federal funds, either to the state or to a private business concern, the payments are subject to PPA.

090211. After-The-Fact Ratification. Only contracting officers have the authority to enter into contractual agreements with vendors. Occasionally, an unauthorized individual will order goods or services. Under these circumstances (DFARS 1.602-3), the contracting officer can ratify such improper contracting actions. Contracting officers will consider ratification of any claim resulting from such unauthorized commitments before processing it as a doubtful claim.

090212. Request for Advance Decision on Procurement Payments.

A. When vendor pay personnel are doubtful about the legality or correctness of a payment, they will get opinions from their local contracting officer and their local Judge Advocate General (JAG) or Office of the General Counsel (OGC).

B. If doubt of overpayment remains and dollar amount in the case exceeds \$100, prepare a request for a Comptroller General (CG) decision. All pertinent papers will be attached and forwarded by transmittal memorandum to: Director, DFAS-IN, ATTN: DFAS-IN/GL, 8899 East 56th Street, Indianapolis, IN 46249-0160.

C. If doubt of overpayment remains and the dollar amount is \$100 or less, request advice from the DFAS-IN legal office at the address given in b above. If, after receiving this advice, it is still doubtful of the legality of the payment, the case may be forwarded to the Comptroller General. Attach a copy of the DFAS-IN opinion as well as other legal or contracting opinions.

090213. Classified Procurement Documents. Some procurement documents are issued with a very restrictive need-to-know, because the goods or services being ordered are classified. In these cases, the vendor pay office may receive an abbreviated copy which has only the minimum information necessary to make payments. As long as the information is enough to allow payment, vendor pay personnel will process the payment. See section 0912.

0903 RECEIVING REPORTS

090301. Receiving. The procurement or other authorizing document is the agreement between the U.S. Government and a private (non-Federal Government) business concern for goods or services. The receiving and acceptance or other approval document is the document in which a U.S. Government representative confirms that the private business performed or delivered according to the authorizing document. If the receiving function has been contracted out, contract employees can receive and accept goods or services in the name of the U.S. Government. The receiving and acceptance document or information is important to vendor pay personnel because payment cannot be made until the U.S. Government representative confirms the vendor has met contract specifications.

090302. Delivery Versus Acceptance. The terms "delivery" and "acceptance" are not the same and cannot be used interchangeably. Delivery occurs when a vendor delivers merchandise to a specified point or individual. Acceptance occurs when an authorized U.S. Government representative examines the goods, compares them to the procurement document, and is satisfied that the materiel conforms to the contract specification. Delivery of services occurs when the vendor completes the service. Acceptance occurs when an authorized U.S. Government representative inspects the vendor's product and is satisfied that the product meets contract specifications. Acceptance may take place before delivery, at the time of delivery, or after delivery, depending on the provisions of the terms and conditions of the contract. Usually, acceptance is a few days after delivery.

090303. Constructive Acceptance.

A. All invoice payments shall be supported by a receiving report or other appropriate U.S. Government documentation authorizing payment. The agency receiving official

should forward the receiving report or other U.S. Government documentation to the designated payment office by the 5th working day after U.S. Government acceptance or approval.

B. When an invoice is received from the vendor and a receiving report has not been received within seven calendar days after the vendor delivers or completes service performance according to contract terms and conditions then constructive acceptance will occur. The payment due date and any interest penalties will be based upon the constructive acceptance date. For purposes of determining a payment due date and when interest starts to accrue, acceptance is deemed to occur seven days after delivery or services are completed. The seven day constructive acceptance is used for procurement documents awarded on or after April 1, 1989. A five working day constructive acceptance period is used on contracts awarded on or before March 31, 1989. In the event actual acceptance occurs within the seven days after the vendor delivers or completes service performance, the payment period starts based on actual, not constructive acceptance.

090304. Receiving Report Format.

A. All documents used to provide certification of receipt and acceptance of goods or services must meet the minimum requirements listed below prior to payment. Documents not containing the following information are considered improper for payment. The improper receiving report document must be immediately mailed back to the issuing activity along with the completed transmittal letter (TL) specifically developed for return of receiving reports. A sample TL is provided at Figure 9-1.

1. Contract number or purchase order number
2. Adequate description of supplies delivered or services performed, including the applicable contract line number, to ensure identification to contractual requirements.
3. Quantities of supplies or services received or performed.
4. Date supplies delivered or services performed.
5. Date supplies or services were accepted by the designated government official.
6. Signature of the U.S. Government official authorized to receive and/or accept supplies or services.
7. Printed name, title, mailing address, and telephone number of the designated U.S. Government official responsible for receipt and/or acceptance.

8. If the contract provides for the use of U.S. Government certified invoices in lieu of a separate receiving report, the invoice must contain the information described above in paragraphs 090304.A.1. through A.7.

9. Locally devised documents may be used if the minimum information requirements for a receiving report are met. The CAPS request for receiving report does not meet the minimum requirements for a receiving report. If the CAPS request for receiving report is used as a receiving report, the receiving activity must add the information required on the minimum requirements.

B. The preferred way to obtain the above information is by electronic transmittal. This transmittal can be from system-to-system transmission or via facsimile (FAX) machine. The most common hard copy documents used are the receiving report copy of the DD Form 1155 or the DD Form 250 (Material Inspection and Receiving Report). The most convenient document, particularly in non-automated offices, is a fill-in-the-blank stamp on a delivery ticket, invoice, or sheet of paper (see paragraph 090405). If hard copy documents are used, forward them to the vendor pay office by sequentially numbered transmittals to prevent document loss or misplacement by receiving personnel. Sign and date each document. An electronic signature (approved by the General Accounting Office (GAO)) or password authenticates and dates electronic transmissions.

C. The delivery or performance and the acceptance dates are necessary to determine the payment due date under PPA. Unfortunately, some receiving personnel place/provide only one date on receiving report. If so, assume that date is delivery or performance and that actual acceptance occurred sometime after the 7th calendar day - constructive acceptance. In these situations, the payment period starts with the later of the two following events:

1. The invoice is received in the proper office, or
2. Constructive acceptance occurs (or actual acceptance if it occurred before the 7th calendar day).

D. Use constructive acceptance in determining the due date for most payments. Exceptions are identified in the Desk Reference Guide at Appendix E.

E. If vendors question payment timing in these situations, contracting officers will resolve the dispute (FAR 32.909). If a DD Form 1155 is used as the receiving report and the received, inspected, and accepted blocks are all checked and only one date is annotated, assume receipt and acceptance occurred on that same date. In this case the PPA clock starts the day after the date on the DD Form 1155.

F. If there is no date on the receiving and acceptance report, use the invoice receipt date to determine the due date. If an interest penalty results, charge it to the organization who prepared the receiving and acceptance report. The responsible person at the vendor pay

office will report the offending activity to the commander and request support in avoiding future occurrences.

090305. Timing of Receiving Information to the Vendor Pay Office. 5 Code of Federal Regulations (CFR) Part 1315, the FAR, and U.S. Army logistics regulations direct receiving activities to ensure that receiving reports are received in vendor pay offices within five workdays after receipt and acceptance. For chargeback purposes, a receiving report is late if it reaches the vendor pay office after close of business (COB) on the day that is one-half the payment period (for example, 15 days on a 30-day payment, 7 days on a 14-day payment, and so forth).

090306. Vendor Pay Requests to Receiving Activities. Since payment cannot be made until receiving and acceptance information reaches the vendor pay office, efforts to get the information will begin no later than 15 days after the invoice is received. Use a pre-printed or computer-generated form asking for the document or information. Send follow-up copies or phone the activity at 10-day intervals until the activity either provides the information or explains why there will be none. OCONUS offices may establish a different schedule of follow-up actions based on local conditions.

090307. Exception Receiving Reports.

A. Vendor pay personnel may establish an "exception" receiving report procedure for making billing period payments (for example, monthly or quarterly). To do this, send a fill-in-the-blank memorandum to the receiving activity with the following statement:

"We will pay the invoiced amount to (vendor) 30 days after the end of each billing period on procurement document (number) for (goods or services) without a receiving report from you. Under this procedure, you must inform us immediately of any change in vendor performance or contract specifications. Under this simplified procedure, we will send you one copy of each paid invoice so that you can track the amount the vendor has charged. Inform us immediately if there is an overcharge so that we can offset the overcharge amount against a future payment. You must send us a report or statement at the end of the first billing period and at the end of the contract period that the vendor is conforming to contract specifications."

B. Send two copies of this memorandum to the receiving activity and request a signed "received and understood" statement be placed on one copy and returned to you. When the signed memorandum is returned, pay the amount the vendor invoices each billing period. Furnish one copy of each paid invoice to the receiving or approving activity. As with all other payments, do not disburse an amount greater than the total dollars on the contract without a memorandum or modification from the contracting officer (see paragraph 090203).

090308. Return of Improper Receiving Reports. It is recommended the control desk handle the return of hard copy documents with a TL. The TL must be properly completed to include all administrative information, i.e., paying office address and office symbol. List the contract number, reason number, vendor name and invoice number for each RR you are

returning. Multiple RRs may be returned to the same activity on the same TL. Enter the total number of RRs returned on that TL. Use the reasons and codes listed on the sample TL (1-7) to identify the deficiency in the RR (if contract number 1 is being returned due to reasons 1 and 3, list 1 and 3 under reason # on the applicable contract number line. Provide your paying office fax number and mailing address, POC name and phone number. TLs must be numbered for control purposes, with a copy maintained in the paying office, as a minimum, until the contract is closed. Note: If an invoice has been received the PPA clock is ticking. Prompt resolution of the improper RR will ensure mission dollars are not spent paying interest penalties. Discounts lost would be minimal.

090309. Weekly Report of Returned Receiving Reports. A weekly report identifying the number of RRs returned for that week is required by the DFAS-IN Center Director. This information will be shared with the Deputy Assistant Secretary of the Army (Financial Operations, OASA(FM&C)). OPLOCS will incorporate this requirement in their Weekly Activity Report submitted to DFAS-IN.

0903010. Disposition of Receiving Reports. Receiving information is part of the automated payment history in a system or on bills register cards for non-automated paying offices. The receiving report must be attached to the original paid voucher (money account papers) and one copy maintained in the paying office retained file. In the event an office computes payments and processes via electronic means (no hard copies) to another office for upload and payment, the responsibility to maintain the receiving report information is with the office which computed/authorized the payment.

0903011. Other Information. Other information on receiving reports can be found in the DODFMR, Volume 10, Chapters 7 and 9 and FAR 32.905 F.

0904 INVOICES

090401. Vendor's Bill. An invoice is the bill from the vendor asking for payment for the goods delivered or services performed. The vendor's request for payment (invoice) must be "proper." There is no prescribed format for invoices. Use delivery tickets whenever possible. The format used by the vendor is acceptable if it contains the information necessary to make it "proper." A proper invoice is a bill or written request for payment provided by a business concern for property or services rendered. It must include all of the information required by the terms of the procurement document, be accompanied by such substantiating documentation as required by regulation or the contract, and be received in the vendor pay office. Supplemental billings will include all information required for original billings. A proper invoice must include the following:

- A. Name and address of the business concern and the invoice date.
- B. Contract number or other authorization for delivery of property and/or services (including order number and contract line item number).

- C. Description, price, and quantity of property and services actually delivered or rendered.
- D. Shipping and payment terms.
- E. Other substantiating documentation or information as required by the contract.
- F. Name (where practicable) title, telephone number, and complete mailing address of the responsible official to whom payment is to be sent.
- G. Name (where practicable) title, telephone number, and mailing address of person to be notified in event of a defective invoice. Submit the invoice to the designated billing office as instructed in the procurement document.

090402. Electronic Invoices. Some business concerns are developing electronic invoices. This is a system-to-system transmission which is used to send an invoice directly into the vendor pay system. As long as all required information is on the electronic invoice, it is the preferred method of invoice receipt. Invoices received through FAX machines are also encouraged. If one of these methods is used, print one copy and prominently mark it "SYSTEMS ORIGINAL" so it is not confused with any hard copy invoices which may be mailed to the vendor pay office.

090403. Invoice Receipt Date Stamping. Since the date the invoice is received at the designated billing office is necessary to determine the correct payment due date per the PPA, date stamp all invoices, including system-to-system or FAX transmission, with the date received at the billing office. If the designated billing office does not date-stamp the arrival date, all payment due dates are computed from the date the vendor placed on the invoice. In this situation, actual or constructive acceptance dates are not used. The correct payment due date is computed from one date - the date of (on) the invoice. Since this date is earlier than the date it is received (and usually before goods or services are received), payment processing time is reduced. If an interest penalty results from a designated billing office, outside the vendor pay office, not date stamping the invoice when received, interest amount will be charged to that office. The vendor pay office will report this failure to the commander and ask for support in avoiding future occurrences.

090404. The Designated Activities. The designated paying office is the vendor pay office named in the procurement document to pay the vendor. The designated billing office is the office specified in the contract to receive the invoices. Because the date the invoice is received at the designated billing office is necessary to compute the correct payment due date, it is desirable for contracting officers to make the vendor pay office both the designated billing and designated paying office. However, contracting officers sometimes direct vendors to send invoices to another designated billing office, such as a contracting officer representative (COR) or through their own or another office for approval. When the procurement document reaches the vendor pay office, look to see who the designated billing office is. If it is an organization

outside the vendor pay office (especially one who does not usually receive invoices), send a preprinted or computer-generated form to them explaining the requirement to date-stamp the invoice.

090405. Using the Invoice as an Acceptance Document. Receiving and acceptance information for both goods and services can be put on the invoice. One document will then serve as the invoice, the receipt, and acceptance report. Receipt and acceptance data must meet FAR 32.905 requirements. The simplest way is for the receiving activity to use a fill-in-the-blank stamp on the invoice, fill in the blanks, sign and date it and send it to the vendor pay office. Even if this method is used, it is still preferred that the vendor pay office be the designated billing office.

090406. Returning an Improper Invoice. If an invoice does not meet the criteria of "proper", return it to the vendor. Note on the invoice the reason it is improper so the vendor can correct it. For contracts issued on or before March 31, 1989, an improper invoice must be returned within 15 calendar days of receipt in the designated billing office. For contracts issued on or after April 1, 1989, improper invoices must be returned within seven calendar days. (Three days for meat or meat food products and five days for perishable agricultural commodities, dairy products, and edible fats and oils.) If the improper invoice is not returned within the seven (or 15) calendar days, the number of days beyond the seven (or 15) days are subtracted from the payment count when the corrected invoice is returned. Since there are time constraints on returning invoices, check them as soon as they arrive. Invoices can only be returned under PPA when they do not conform to the definition of a proper invoice. An invoice will not be returned for lack of EFT information on that invoice; however, EFT information and taxpayer identification number (TIN) must be in the Central Contracting Registration (CCR)/Corporate Electronic Fund Transfer (CEFT) or invoice will be returned to vendor within 7 days.

090407. Invoice Disposition. Most procurement documents direct the vendor to forward one original and three copies of all invoices. Disposition is:

- A. Attach the original invoice to the original payment voucher and follow current file retention guidance.
- B. Attach one copy to a copy of the payment voucher, a copy of the procurement/authorizing document, and a copy of the receiving report and file in the retained accounts.
- C. Return one copy to the vendor with the payment when a check is issued. If the invoice number being paid is shown on the voucher, it is not necessary to return a copy of the invoice to the vendor.
- D. Attach one copy to the payment voucher if another FSN is cited

090408. Multiple Invoices. It is very rare that one payment can pay multiple invoices because they will not have the same payment due date. However, if multiple invoices

payable to one vendor at one location do have the same payment due date, pay them in one payment. It is important to describe the invoices being paid on the face of the voucher so the vendor will know what you are paying. Enter the amount of each invoice separately in the voucher's "AMOUNT" column.

090409. Incorrect Invoices.

A. Invoices Showing Reduced Prices. Compare the unit prices on invoices with the unit prices on the procurement document. Invoices can be accepted if they are submitted for less than the unit or total contract price; pay the lesser amount shown on the invoice. It is not necessary to note the reduction on the voucher.

B. Invoices Showing Increased Prices. When the invoice shows a higher unit or total price than stated in the contract:

1. Make the necessary downward adjustment on the face of the voucher and pay the reduced amount.
2. Explain that the invoiced amount exceeded contract terms.
3. Use a stamp or a fill-in-the-blanks form to tell the vendors they will have to contact the issuing contracting officer about the unpaid, billed amount.

C. Arithmetic Errors. If the invoice amount is wrong but the unit prices and number of units are correct, correct the amount and pay it. However, do not make any corrections that will cause the total dollar amount of the invoice to exceed the procurement document unless a contract modification is issued.

D. Incorrect Invoices Due to Partial Deliveries. When a portion of the items contracted for was not received or was rejected by the receiving activity, but the vendor submits an invoice for the total amount:

1. Pay for the items the receiving activity has accepted.
2. Use the comment section in the entitlement system to explain to the vendor why you are paying less than the billed amount.
3. If the vendor later delivers the rest of the shipment, use a copy of the previous invoice to make the second payment. Clearly mark the copy "DUPLICATE FOR SECOND PARTIAL" so it cannot be confused with the first or any later payments.
4. If more than two payments must be made because the vendor delivered partial shipments several times, request a new invoice showing the correct amount.

090410. Vendor Name.

A. Make vouchers payable to the vendor name and address identified on the procurement document. The name and address on the invoice must be the same as the name and address in the contract or on a proper notice of assignment (FAR 32.905). If the "remitt to" name and address on the invoice is not the same as in the contract or on a proper notice of assignment, return the invoice as an improper invoice.

B. When there has been a change in a corporate name from a merger, consolidation, or other legal proceeding, the vendor must submit a certificate to the designated billing office verifying that the change was obtained from the proper state official. Once this certification is received, process payments to the new name and address. Make sure the contract number is shown on each payment voucher. A contract modification is not necessary in this situation. If the designated billing office is the vendor pay office, the vendor pay office will furnish a copy of the vendor certification to the issuing contracting officer.

C. When a successor company has taken over a bankrupt or dissolved firm, including its contracts, the successor business must submit proof of the items in paragraphs 090410C.1. through 090410.C.3. Once the proof has been received, accept invoices from the successor company. The successor business must submit proof that:

1. The original corporation has been dissolved.
2. The old corporation's assets were distributed to the new corporation.
3. The liquidating trustees have been discharged.

090411. Vendor Failure to Submit Invoices.

A. The vendor pay office will request invoices and supporting documents from vendors where there is no question of the U.S. Government's liability and there is no dispute of facts. This is not held as inviting a claim as it is in the interest of prompt payment of an open account (30 Comptroller General (Comp Gen) 266).

B. Follow these procedures:

1. Payables of \$.99 or less. If invoice is not received within 90 days after receipt of goods or services, deobligate funds and write-off payable (58 Comp Gen 372).
2. Payables of \$1 through \$99.99:
 - a. If an invoice is not received within 30 days after date of receiving report, request invoice from contractor/vendor. This is the only follow-up required and will be accomplished at any time between 30 and 60 day marks, depending on local

circumstances. For meat, fish, fresh fruits and vegetable, and dairy products and edible fats or oils, follow-up will be made in time to prevent the possible loss of cost-effective discounts (if possible) and to avoid payment of late payment interest penalties.

b. Include with the request for invoice a "Release from Contract Obligation". Request that the contractor return either an invoice or the completed and signed Release of Contract Obligation. If automated contractor follow-up is available, it may be used instead of manual follow-up procedures. Automated payable systems will maintain the evidence of follow-up in the system eliminating the requirement for it to be physically located in the contract file.

c. If a proper invoice is received, pay it. If the contractor signs and returns the form, immediately deobligate the payable and retain the contract and the case file in a closed file until the statute of limitations expires. Place canceled contracts in the canceled file. If the invoice is not received after 180 days from the date of receipt of the goods or services, deobligate the funds and write-off the account payable. The account payable must also be retained in the closed file until the expiration of the statute of limitations (six years).

d. Although a contractor is not required to sign a Release from Contract Obligation, the decision to do so creates legal rights on behalf of the U.S. Government, and the signed form will be viewed as a legal release from the contract. In the event that both the U.S. Government and the contractor agree that the form was in error, this agreement would set aside the release. The form will be signed by an authorized representative of the company and not by clerical employees. If no evidence to the contrary is available, assume the signee was so authorized.

3. Payables of \$100 or More:

a. Follow procedures in paragraph 090411.B.2 above.

b. If the contractor signs and returns the form, deobligate the funds immediately. If the form or invoice is not returned within 180 days from receipt of goods or services; transfer the payable to the inactive suspense file. Maintain the obligation until expiration of the statute of limitations which restricts time for filing claims against the U. S. to six years from date the right to payment accrued (date that goods or services were received). Deobligate the funds upon expiration of the statute of limitation. If the appropriation has canceled, see Chapters 8 and 16 for canceled appropriation obligation and payment rules.

c. Invoices sent to the office designated in the contract by teletype, TWX, EDI, or FAX are acceptable provided they meet the copy, content, and the legibility requirements of the contract and the FAR, Part 32.

0905 PAYING COMMERCIAL VENDORS

090501. Introduction.

A. The PPA, as amended in 1988, changed the way entitlement office personnel pay commercial vendors. The U.S. Government had a reputation for paying vendors long after they delivered goods or finished performing services. The purpose of the PPA is to ensure payments to vendors are made soon after the delivery or performance or to pay interest to vendors if payment was delayed. Audits conducted by GAO and DoD audit organizations have confirmed that payment practices have improved but are still not as timely as the U.S. Congress intended when the PPA was passed. To further improve Federal compliance with PPA directives, the U.S. Congress passed the PPA Amendment of 1988.

B. The tenants of the PPA are now entrenched in vendor pay procedures, whether automated or manual. However, they bear repeating here as an overall guide to be followed in those situations which do not fall neatly into prescribed procedures.

090502. PPA Rules.

A. With the exceptions listed in paragraph 090503, all payments made to non-Federal Government business firms are governed by the PPA, including payments to state and local governments. As previously stated, contracting officers are required to establish payment due dates in all procurement documents they issue (FAR 32.904). When the procurement document is silent, follow PPA payment rules given in this chapter. Also see the Desk Reference Guide for Prompt Payment Act for Vendor Pay Offices at Appendix E and the Prompt Pay Act Letter of Instruction at Appendix F.

B. There is only one correct payment due date for all payments, including discounts. All payments made before the one correct due date are early, whether or not they have to be reported, and all payments made after the one correct payment due date are late. The actual due date may be determined differently based on what kind of payment it is, but in each category of payment, there is only one correct payment due date. When a correct payment due date occurs on a weekend or holiday, the payment is issued on the next working day. It is not late as long as payment is made on the next workday. It is not reported on the PPA report as late, nor is an interest penalty due the vendor. However, the payment is late and an interest penalty is due if the check is not issued on the first working day after the weekend or holiday.

C. If a payment is late, even one day after the correct payment due date on contracts issued on or after April 1, 1989, interest is due the vendor. Add the interest to the payment amount. Vendors do not have to ask for interest; if it is due, it is to be paid. To deliberately not pay interest when it is due is violating the law.

D. Compute interest from the day following the payment due date through the date of the payment, and compound each 30 calendar-day period. Interest is calculated on a 360 day year.

E. Discounts can only be taken if the payment is actually made within the discount period. Discount periods are computed from one date: the date the vendor puts on the invoice. See section 0906 for more details on discount payments.

F. Do not pay interest penalties required by the PPA for more than one year. Interest penalties directed to be paid by a contracting officer, or some other adjudicating authority per a law other than the PPA, must be paid as directed even if it does exceed one year.

G. Do not pay interest penalties of less than \$1.00. This "less than \$1.00" criteria is per invoice, not per payment voucher or line item. For interest paid in foreign currency, do not pay interest for values less than the equivalent of \$1.00.

H. As a general rule in situations where there is confusion on whether an interest penalty should or should not be paid, first determine why the payment was late. If someone or some organization within the U.S. Government caused the delay, pay the interest. If the delay was caused by the vendor (such as mailing the invoice to the wrong address), do not pay interest.

I. Payments must be transmitted or mailed on the same date they are dated. Interest is not due to a vendor for a check lost in the mail if the original check was dated and mailed on time (64 Comp Gen 32). If payment is by EFT, send the transaction so that the amount reaches the vendor's financial institution on the payment due date. The EFT settlement date is the same as the payment due date.

J. When the vendor pay office determines that PPA interest is due, the interest charged will be posted to the account provided to the vendor pay office by the serviced activity.

1. Each serviced activity will provide the vendor pay office a central fund site to charge PPA interest to current year funds.

2. This fund site will be used the entire FY to process PPA interest charges only.

3. When crossing fiscal years, charge the entire PPA interest to the prior year fund cite if the payment process began in the prior year.

K. The fact that funds are temporarily unavailable to make a payment does not relieve DoD from paying interest, but payment of the interest depends on the situation.

1. If goods or services already delivered or performed exceed the total dollar value of the procurement document, a memorandum or modification is necessary to add funds (see paragraph 090203). In this situation, compute the payment due date from the later of the original delivery/performance (using a constructive acceptance period of seven

calendar days) or invoice receipt in the proper office. Interest is due if the modification is not issued soon enough to avoid an interest penalty.

2. If a vendor makes a duplicate delivery or performs a service not in the original procurement document and the DoD representative accepted the goods or services, a modification is necessary to make payment. However, the vendor is "at fault" for exceeding the terms of the procurement document and interest is not due. Establish a new payment due date based on the date the contracting officer signs the modification. If system-to-system transmission is used rather than a signed hard copy of the modification, determine the payment due date based on the date the contracting officer electronically signs the change.

L. If the contract states a vendor is to ship goods to a federal installation for second-destination shipment to the ordering activity and the goods are held up at that installation awaiting shipment, the vendor is due interest for any period the payment is delayed past the due date of the contract or 30 days. It is important the serviced activity request the receiving report as soon as possible after receipt of the invoice. If after 30 days a receiving report has not been received, refer the problem to the contracting office for resolution.

M. This is to provide guidance on PPA interest calculations for those invoices where funding or processing problems delays interest payments.

1. Under normal conditions PPA interest would be paid up to 10 days after the principle payment. Also directed by the PPA, if the principle payment is more than 30 days late interest must be compounded. Sample calculations to cover both the basic compounding and when interest is not paid within 10 days of the principle payment are included.

2. Situation: The principle payment has been made and the interest payment has been delayed beyond the 10 day window, the unpaid interest itself becomes the principle amount for the new compounding calculations. Interest will accrue and be compounded on the base interest payment.

3. Example: A principle payment of \$100,000 is paid 75 days late with a 6 percent interest rate. Interest is paid 60 days after the original principle payment.

a. At the end of 30 days the principle and interest would be \$100,500.00 (Principle=\$100,000.00 and 1st month's interest =\$500.00). Calculate the interest by first calculating the daily interest rate (divide 6% by 360 days). Next multiple the daily interest rate by 30 days. Then take this value and multiple it by the principle amount (.06 divided by 360 times 30 times \$100,000.00 = \$500.00).

b. At the end of 60 days the principle and interest would be \$101,002.50 (Principle=\$100,000.00, 1st month's interest=\$500.00, and 2nd month's interest=\$502.50). The interest is compounded so add the first month's interest amount to the principle amount, then multiply it by the above calculated daily interest rate times 30 days (.06000000 divided by 360 days times 30 days times \$100,000.00 + \$500.00 = 502.50).

c. On the payment date (75th day after being due) the principle and interest would be \$101,255.01 (Principle=\$100,000.00, 1st month's interest=\$500.00, 2nd month's interest=\$502.50, and 15 days worth of additional interest=\$252.51). Interest is compounded, so add the first and second month's interest amounts to the principle amount, then multiply it by the above calculated daily interest rate times 15 days (.06000000 divided by 360 days times 15 days times \$100,000.00 + \$500.00 + \$502.50 = \$252.51).

d. The \$100,000.00 principle amount was paid on the 75th day. However the original interest amount (\$1,255.01) is not paid until 60 days later. Therefore, additional interest computations must be made on the original amount. Original interest amount=\$1,255.01. Additional interest is: 1st month=\$6.28, 2nd month=\$6.31. Total interest to be paid=\$1,267.60

4. Sample Office of Management and Budget (OMB) Penalty Calculation.

a. The OMB penalty is paid in addition to any interest owed. This is not an automatic penalty payment. The vendors have to request this penalty in writing within 40 days of the date on the check. They must reference and attach a copy of the specific invoice.

b. If the vendor is correct and interest should have been paid determine how much interest should have been paid at the time the check was issued, and how much additional interest is due. Using the above example (3.c and d), it was determined that these amounts were \$1255.01 (original interest due), and \$1267.60 (original and additional interest due).

090503. Payments Exempt from PPA and Interest.

- A. Payments to another Federal agency are not subject to PPA.
- B. Financing payments made specifically to finance vendors (such as progress or cost reimbursement payments) on contracts other than construction and architect-engineer contracts are not subject to PPA. Final payment on a financing contract is subject to PPA. The payment due date for a final payment is 30 days after the contracting officer approves it. Interest is due if payment is late. However, all payments, both financing and final, made under construction contracts or architect/engineer contracts are subject to PPA.
- C. Payments to utility companies or other businesses governed by tariffs or state regulatory commissions are not subject to PPA. Payments made to utility companies not governed by tariffs or state regulatory commissions are subject to PPA.
- D. Payment made as directed by an authorized adjudicating body, such as a court, the JAG, the Armed Services Board of Contract Appeals, or the contracting officer under

the Contract Disputes Act of 1978, as settlement of claims do not come under PPA because they are being paid under a different statute than the PPA. If interest is directed to be paid as part of the settlement, it is paid but not reported on the PPA report.

E. Payments made to utilities (gas, water, electricity, telephone, etc.) that include provisions for due dates and late payment charges established by tariff or state regulatory commission will be paid according to those terms and are not subject to PPA.

F. Payments made under CHAMPUS are also exempt from PPA.

G. When payments are withheld as directed by a procurement document or when there is a dispute between the U.S. Government and the vendor on performance per a procurement document, interest is not due for the period the payment was withheld. However, once the dispute is solved or the contracting officer directs that payment be made, the payment due date is 30 days after the date the dispute is resolved or the contracting officer directs payment. If payment is delayed beyond the 30th day, interest is due.

H. Payments made to U.S. Government military or civilian employees are not subject to PPA, unless they are acting as vendors and providing goods or a service to the U.S. Government (this should rarely happen). Pay military or civilian employees as soon as possible.

090504. Determining Payment Due Dates.

A. The vendor pay offices' error rate may diminish as automated systems, which select the due date, are implemented. However, some systems do not automatically compute due dates. When determining due dates, the rule is to count as "one" the day following an event and to make the payment on the last day of the counting period. Put the correct due date on the payment voucher. When the due date is a weekend or holiday put the next workday date on the voucher as the required payment date. The desk reference guide in Appendix E gives the due dates for different types of payments.

B. Since late payments must have interest penalties included in the payment, DoD's goal is to never make late payments. Therefore, schedule commercial vendor payments as close as possible to, but never later than, the correct payment due date.

C. If the designated billing office does not date stamp the invoice receipt date on the invoice, compute the payment due date from the date the vendor put on the invoice. Do not use actual nor constructive dates.

090505. Early Payments. Any payment made eight or more calendar days before the one prescribed correct payment due date is an early payment, if the contract was issued on or after April 1, 1989. Payments made four or more calendar days before the due date are early payments, if the contract was issued on or before March 31, 1989. Both payments must be reported on the PPA report. See Chapter 28.

090506. Administrative Tasks to Pay Commercial Vendors. Many separate tasks must be performed (manually or electronically) in order to pay commercial vendors on time.

A. Date Stamping Documents. Date-stamp all documents with the date they arrive in the vendor pay office. Use the actual day of arrival. Correct payment due dates and interest penalties due cannot be computed unless all supporting documents are stamped. If electronic transmission of information is used instead of hard copy documents, the system must be capable of showing the date the information was received in the vendor pay office. Date-stamp the original (first page) and one copy (first copy) if one is provided. Establish a transmittal system for documents and date-stamp the transmittal documents. Where mechanized listings or cards are submitted, date-stamp the listing. Where documents are transmitted through systems interfaces, the system must retain the receipt date. This replaces a date-stamp.

B. Required Documents. Follow-up to obtain required supporting documents. These documents come into the vendor pay office from outside sources. The documents will be routinely received into the vendor pay office; unfortunately, they frequently do not arrive in time to make a payment on time. Therefore, it becomes a vendor pay task to do whatever follow-up is necessary to get the documents and to maintain records of which activities do not provide the documents on time. Use pre-printed or systems-generated requests to ask for missing documents. Send follow-up copies at 10-day intervals until the activity either provides the document or explains why there will be no document. The three documents (or electronic information) must support each commercial payment:

1. A procurement document or another authorizing document that is substituted for a procurement document;
2. A receiving and acceptance report, certified invoice, or other form of approval document which a U.S. Government representative has signed stating that the U.S. Government has benefited from the transaction; and
3. An invoice/bill from a vendor asking for payment.

C. Records Management. Documents or information stored within an automated system must be retained to support disbursements made. They cannot be disposed of until the last payment has been made and the payment history on a procurement file officially closed. The same records management requirements are necessary whether hard copy documents are stored in folders, in a file cabinet, or information is stored within an automated system, or outside the system on disks. Retain all records of OPEN-ACTIVE files until closed. After files are closed documentation or information must be retained in accordance with records retention guidance. See Chapter 2.

1. Numbered Transactions. Track procurement documents (contracts, purchase orders, delivery orders, BPAs, and so forth) through their procuring, receiving, paying actions by procurement document number. File and retrieve these documents by that number. Contracting officers assign a procurement identification number (PIN) to all

authorized procurements. Use this number throughout the life of that procurement action, including all payments.

2. Unnumbered Transactions. Some authorizations do not contain a number, such as tuition payments, some medical payments, some claims or legal payments, or payments to military or civilian personnel. Track these transactions through their payment history by the social security number (SSN). If an SSN or other number is unavailable, track these transactions using the name of person receiving the payment.

D. Auditing Payment Vouchers.

1. Effective control of disbursements requires audit and approval of vouchers before they are certified for payment. The supervisor or lead technician usually performs this function. Adequate and effective statistical sampling procedures may be used to examine vouchers of \$2,500 or less (31 U.S.C. 3521). However, all payment vouchers for \$2,500 or more must be examined before they are certified for payment. When statistical sampling is used, use "Military Standard Procedures in Tables for Inspection by Attributes" to determine number of samples required according to the lot size and accuracy required. The principle objectives of voucher pre-audits are to determine whether--

- a. The required authorizations and approvals for the payment were obtained.
- b. The payment is permitted by law and is according to the terms of the authorizing document.
- c. The amount of the payment and the name of the payee are correct.
- d. The payment is not a duplicate.
- e. The accounting classification(s) is correct for the type of payment being made.
- f. The quantities, prices, and total amounts are correct.
- g. The goods received or services performed were according to the agreement.
- h. The discount taken is correct or the interest penalty added is correct.
- i. The payment due date on the voucher is the correct date under PPA.

j. If the payment includes an interest penalty, the required explanation to the vendor of how many days and at what rate the penalty was computed is on the voucher or attached as a separate document.

k. The vendor is not on the "Holdup List" or there is not an offset or stoppage action against the vendor.

2. In most cases, the person with fiduciary responsibility at the OPLOC/FAO or other organizational structure has delegated certifying authority to the vendor pay supervisor, or perhaps to a lead technician. The pre-payment audit is performed by the person who is to certify the voucher for payment, since that person may be held accountable for the accuracy of the payment.

3. See revised DoDFMR Volume 5, Chapter 33, Section 3308, Pre- and Post Payment Review Process.

E. Number of Payments.

1. Final Payment. If all goods are delivered at one time or services are completed at one time, make one final payment and close the contract action. If goods or services are delivered or performed over a span of time, there would be several partial payments but always mark the last payment as "Final." Furnish a copy of the final payment voucher to the contracting officer who issued the contract so that he/she may close the file if there is no system interface with contracting.

2. Partial Payments. Unless the procurement document specifically forbids partial payments for partial delivery or performance, make partial payments for goods delivered or services performed and accepted. Since some contracts call for multiple deliveries and consequent payments, it is very important that, either manually or through a system, you keep an accurate record of the payments to avoid making duplicate payments.

3. Adjustments After the Final Payment. A supplemental payment to a vendor may be made after the final settlement voucher has been paid when it is clear from the facts, concurred with by the vendor and the contracting officer, that the voucher previously marked "final" was incorrect. Mark the supplemental voucher "Supplemental-Final" and refer to the previous erroneous final payment voucher. Keep all correspondence relating the facts of the case as part of the payment history.

090507. Specialty Certificates Required On Payment Vouchers.

A. Negotiated Settlement Agreements. When payments are made as settlements negotiated by the contracting officer, JAG, or other authorized adjudicating person or body, payments may be made without supporting documents if the following certification is printed or typed on the voucher:

"I certify that this payment is due and payable under the terms of the settlement agreement reached between the U.S. Government and the claimant (insert name or organization), and that the title of all property, if any, to be transferred to the U.S. Government under this agreement has been so transferred."

(signature)

(date)

Place the words "Certificate on Reverse" in the space for signature on the face of the voucher. Put the words "Payment in Full Per the Referenced Settlement Agreement" in the "ARTICLES OR SERVICES" block on the face of the voucher.

B. Special Certificate Required on Vouchers for Contract Field Printing.

Place the following supplemental certification on vouchers or on an attached paper on all payments for contract field printing:

"I certify as responsible officer that the contract field printing covered by this voucher was procured per the applicable U.S. Government printing and binding regulations of the Joint Committee on Printing."

(signature)

(date)

This certificate must be signed by the responsible officer under whose authority the contract field printing is purchased.

090508. Payment Vouchers.

A. The preferred payment voucher is the SF 1034 (Public Voucher for Purchase and Services Other than Personal), either the hard copy version or, more appropriately, a computer-generated version. The SF 1166 (Voucher and Schedule of Payments) may be used to avoid preparing individual vouchers if all the payments shown on the SF 1166 have the same, exact payment due date. The SF 1166 can be either a pre-printed or a computer-generated form. The SF 1164 (Claim for Reimbursement for Expenditure on Official Business) is used to pay military or civilian employees who had to use their own funds in an emergency situation.

B. Computer-generated payment vouchers can be printed on sensitized white bond paper in the number of copies required. Distribution is:

1. Send the original payment voucher and the original invoice, to the accounting activity. See Chapter 2.

2. Keep one copy in the retained accounts files.

3. Annotate the voucher or include on a separate sheet, the statement on the number of days and what rate was used to compute interest. This is sent to the vendor when the payment includes an interest.

4. Send a copy with transaction for others (TFOs). See Chapter 19.
5. Send one copy to the contracting officer on a final payment. Mark it "For the contracting officer-final payment."

090509. Interagency Transactions. When one U.S. Government agency furnishes goods or services to another agency, there are certain responsibilities for both the billing and the billed agencies.

A. The billing agency must:

1. Send bills to another agency only after there is evidence of actual receipt or shipment of goods to the billed agency.
2. Establish a reasonable billing schedule agreed to by both agencies.
3. Prepare each bill so that the billed agency can readily identify the related order.
4. Promptly collect the accounts receivable established from the bill.

B. The billed agency must:

1. Establish a system for verifying receipt of goods or services.
2. Pay the bills within 15 days without audit or certification. However, regular follow-up procedures must assure that ordered goods or services were received.
3. Inform the billing agency of any deficiencies in the order so that an adjustment can be made on future bills. See the DoDFMR, Volume 10 and Chapter 17 this regulation for guidance on processing disputed bills.

C. Using the Defense Cash Accountability System (dCAS) for Vendor Pay Cross Disbursements.

1. dCAS will be used for all vendor pay cross disbursements. The TFO Cell will no longer be used for vendor pay cross disbursements. See Chapter 19 for additional dCAS procedures.
2. The file from that is transmitted from the Operational Data Store (ODS) to dCAS will not contain all the specific data elements that are required by each accounting system. Therefore, the user(s) at each disbursing station (entitlement activity) must access dCAS and input the additional required supplemental data elements. It is the

responsibility of each user(s) at each disbursing station (entitlement activity) to ensure accounting data is entered accurately to facilitate proper posting at the accounting station. Daily system access must be completed to clear cross disbursements awaiting processing within the dCAS.

3. The originating station retains the voucher and supporting documentation.

090510. Duplicate or Erroneous Payments.

A. Given the volume and dollar amounts of payments processed through the vendor pay office, it is necessary to have excellent procedures to avoid making the same payment twice or paying an erroneous amount. Most automated systems now have a payment history file, which if properly maintained, provides an excellent audit trail of payments made against each procurement document. However, systems cannot replace the human ability to be alert for situations, which might cause a duplicate or erroneous payment. Vendor pay personnel must be particularly alert for the possibility of duplicate payments in the following situations:

1. Payments have been delayed for extended periods after the due date and duplicate invoices have been received from the vendor.
2. Invoices or bills appear to have been submitted to more than one location. For example, to both the vendor pay office and to the receiving activity or to the contracting officer.
3. Adjusted invoices are received after payments have been made.

B. If a duplicate or erroneous payment has been made, the vendor pay supervisor will inform the accounting activity to establish an accounts receivable to offset from future payments to that vendor or to start collection action.

090511. Obligation Matching Dollar Thresholds. All vendor payments will be validated (funds are to be available and obligated) before the pay transaction is completed.

A. Mechanization of Contract Administration Services (MOCAS) Payments.
The threshold schedule follows.

1. During July 1998 the DFAS-CO dollar threshold for Defense Contract Management Command administered contracts awarded prior to October 1, 1996, and paid through MOCAS was lowered to \$1 million.
2. On December 17, 1998, the DoD Comptroller authorized a temporary \$500,000 threshold on new contracts paid by the MOCAS system and this was extended to January 31, 2000. However, Section 8135 of the Defense Appropriations Act signed into law on October 25, 1999, sets the statutory prevalidation level at \$500,000 for all payments.

This is a reduction from the \$1,000,000 level. While this has no significant impact on our operations for contracts issued after fiscal year 1996, it does drop the prevalidation threshold for the pre 1997 contracts. DFAS HQ guidance states DFAS-CO MOCAS shall immediately implement the new threshold.

3. On February 1, 2000, the dollar threshold is \$400,000.
4. On April 1, 2000, the threshold is lowered to \$300,000.
5. On May 1, 2000, lowered to \$100,000.
6. July 1, 2000, the threshold is \$2,500.

B. Other Than MOCAS Paid Contracts. Effective October 1, 1998, the obligation-matching threshold is "\$0.00". The threshold transition schedule follows.

1. Pay entitlements for all FY 99 contracts, purchase orders, delivery orders, miscellaneous payments, etc., are subject to zero dollar threshold.
2. Not later than January 1, 1999, all FY 98 entitlements are subject to zero dollar thresholds.
3. Not later than April 1, 1999, all FY 97 and prior entitlements are subject to zero dollar thresholds.

C. If the funds are not obligated, the payment process will be stopped. The fund manager and/or accounting activity will be advised and the payment process will not resume until the obligation is posted.

D. The consistent use of the standard document number format is essential in obligation matching. All vendor pay offices are reminded that a standard document number (SDN) is required for all vendor pay transactions to include canceled checks. Despite these requirements, some transactions are still being processed without inputting a valid SDN. This regulation directs certain actions to ensure that each vendor pay transaction contains a correct SDN based on the information available. All obligation, disbursement, and collection documents shall contain a SDN. Table 5-4 provides instructions detailing how to create the SDN for various types of transactions. There are no exceptions.

090512. The Manual Approval Process Within the Accounting/Prevalidation Module (APVM) System. Reference DFAS-HQ memorandum dated May 3, 1999, Subject: Implementation of System Change Request 148 (Manual Approval) in the Prevalidation Process, and DFAS-IN memorandum dated June 1999, same subject.

A. The implementation of system change request 148 in the prevalidation process provides accounting stations the capability to process manual approval transactions

within the APVM system and eliminate facsimile and electronic mail transmissions of manual approvals to the Columbus Center, who enters the approval transactions directly into the pay prevalidation module.

B. The following procedures outline when a manual approval may be used, who has approval authority, and approval authority responsibilities.

1. The manual approval process will be used only when the accounting system is down and unable to process systemic approvals.
2. The manual approval process will not be used to override denied responses by the accounting system unless approved by an authorized official.
3. The authorized official will be the director for accounting or designated representatives.
4. The authorizing official will ensure, prior to a manual approval, that documentation supporting an obligation exists with the available unliquidated obligation and the documentation will be retained for audit purposes.

C. Once the accounting system is operational, the authorizing official will ensure the appropriate transactions are entered, as needed, to record the obligation and ensure an accrued expenditure unpaid transaction is processed into the system.

D. The director for accounting will ensure control logs for manual approvals are maintained which will identify the transactions manually approved. The logs will include the standard document reference number, the identification of the individual approving the transaction, the dates that the accrued expenditures are recorded in the accounting system, and who recorded the transactions in the system.

090513. EFT.

A. Most vendors doing business with DoD will provide a bank routing address identifying the account to which the invoice payments will be posted. In the near future, mandatory EFT guidance will address how payment information will be processed to include return of contracts, receiving reports, and invoices when EFT information is not provided as required. DFAS-IN/FSC has not yet received this guidance from higher headquarters.

B. Vendor pay personnel should access CEFT database to obtain EFT information when making payments. CEFT will retain payee EFT information across all business areas eliminating the need to store this data within individual entitlement system databases. This allows the DoD disbursing systems to extract the most current EFT information at time of payment. CEFT interfaces daily with CCR.

1. Vendor in the CEFT. The remit to address located within CEFT will not take precedence over remit to addresses on contracts when different. A modification to the contract is required. If information in CEFT is found to be incorrect, the vendor should be contacted to update the CEFT information. CAPS should also be updated with the most current data.

2. Vendor not in the CEFT. Some vendors have contracts but may not be in the CEFT as required. DFAS HQ is working this issue directly with the issuing contracting offices, for those paying offices that identified this as an issue and provided HQ the needed information. The remit to address on the contract will be used. A modification to the contract is required to change the remit to address for check payments when the vendor is not in the CEFT.

3. Remit To Address Changes.

a. Under no circumstance will the remittance address field be changed for an authorized check payment based on an address printed on an invoice or when requested over the phone, etc. A modification to the contract must be processed to change the remit to address when dealing with check payments. If the vendor is in CEFT and the remit to address in CEFT is different than the contract, use the address on the contract for check payments. A contract modification is required to use the remit to address in the CEFT when different.

b. When an AOP is returned due to an invalid address, the address can be changed without delay and disseminated. Use the invoice address or the forwarding address provided by the U.S. Postal Service. An AOP is a supporting document to the EFT payment and mailing the AOP does not affect the payment destination.

C. Vendor eligibility will be verified by the vendor pay personnel prior to payment.

D. Contracting offices should verify vendors are registered in the CCR database prior to award of contracts.

E. The exceptions to the EFT requirement are:

1. Foreign vendors.
2. Federal, State, and local Government agencies.
3. Non-recurring (one-time) payments.
4. Classified vouchers.
5. Government bills of lading.

6. Utilities.

7. Sole Proprietors. If the vendor is considered a sole-proprietor and SPECIFICALLY requests a waiver, the request must be accompanied by a vendor's affidavit explaining why they cannot provide EFT information or why they do not use a bank or financial institution. The request for waiver should be mailed to the Vendor Pay Procedures Office: DFAS-Indianapolis Center, ATTN: DFAS-IN/FSC, 8899 East 56th Street, Indianapolis, IN 46249-2001. This office will coordinate the request with higher echelons.

F. In accordance with the Debt Collection Improvement Act (DCIA) 1996, if the vendor has not provided EFT information for contracts issued prior to June 1, 1998, invoices will be returned as "improper invoices".

G. Contracts awarded as of January 1, 1999, should already have the EFT information as part of the contract body. Any exceptions will be part of contract.

1. If a contract has insufficient information to access the CEFT, contact the contracting office to obtain the needed information.

2. In the event a contracting office fails to provide the requested information, a DD Form 1716 will be initiated and forwarded to the contracting office.

090514. Central Contractor Registration (CCR) Database. The purpose of the CCR process is to facilitate registration by a commercial company as a Trading Partner with the DoD. Vendors use this system to register their business entity prior to award of a government contract. Information includes EFT, TIN, DUNS, Contractor and Government Entity (CAGE) code, legal business name, address, corporate us, and SIC codes. The contracting office should verify this registration before granting the contract. After May 31, 1998, prospective contractors expecting to do business with DoD will have to be registered in the CCR to comply with the DCIA of 1996. Agencies shall protect against improper disclosure of contractor CCR information. Additional information and the contract clause can be found in DFAR Subpart 204.73 -- Central Contractor Registration. Also refer to the CCR Online Trading Partner Registration at internet web-site <http://ccr.edi.disa.mil/ccragent/plsql/ccr.welcome> }.

A. Exceptions for Registering in CCR. Registration in CCR is mandatory for all types of awards except the following:

1. Purchases made with a Government-wide commercial purchase card.
2. Awards made to foreign vendors for work performed outside the United States.
3. Classified contracts or purchases (see FAR 4.401).

4. Contracts awarded by deployed contracting officers in the course of military operations, including, but not limited to, contingency operations as defined in 10 U.S.C. 101 (a) (13), or contracts awarded by contracting officers in the conduct of emergency operations, such as responses to natural disasters or national or civil emergencies.

5. Purchases to support unusual or compelling needs of the type described in FAR 6.302-2.

B. Waivers. Even though the waiver block still exists, it is no longer valid by law effective January 1, 1999. The waiver block was for the interim waiver that expired on December 31, 1998. If a waiver is requested, it must be submitted as a deviation to the DFARS and must be submitted to the Defense Acquisition Regulation (DAR) council for approval.

0906 DISCOUNTS

090601. Discount Offers. When the procurement document includes a discount offer, take the discount if the offer is cost-effective. Take the offer that represents the most savings. If that one is missed, take the next offer, and so forth. No matter how many offers there are, report only one on the PPA report: either as offered and taken, or if all offers are lost, as offered and lost.

090602. Cost-Effective Discounts.

A. Treasury Rate. Treasury has a formula to determine if the discount offer offsets the cost to Treasury to borrow the funds earlier than is necessary under a normal 30-day payment. Treasury establishes the rate twice a year, January and July. DFAS-IN sends a message to all vendor pay offices notifying them of the current rate.

B. Additional Factors. There are other factors to consider when determining if a discount offered is actually saving U.S. Government funds. Take discounts offered which result in a saving of \$10 or less if no special handling is required. Do not take the discount if special handling is required to take advantage of a discount offer of \$10 or less, it is not considered cost-effective. Report all discounts offered on the PPA report and reason given for those not taken.

090603. Supporting Documents. Serviced activities/vendors will provide documents to support all payments, discount or non-discount. If a discount offer cannot be taken because supporting documents/information (authorizing document, receiving and acceptance report, and invoice) do not reach the entitlement office, four or more days before the end of the discount period and the offer cannot be taken, report the offer on the PPA report as offered and not taken due to late receipt of supporting documents.

090604. Discount Payment Periods and Due Dates.

A. The due date for discount offers is the last day of the discount period. Discount payment periods are only computed from the date of (on) the invoice (the date the vendor puts on the invoice). If there is no date on the invoice, use the date it reaches the designated billing office if the invoice was date-stamped. Take specific discount offers on the invoice without considering the date on the invoice. Examples of specific offers are: 1% if paid by May 10th; 1/2% if paid on or before November 15th.

B. Schedule payment on the last day of the discount period. If that date is a weekend or Federal holiday, make the payment on the next workday. If the discount due date is missed, schedule the payment as a normal 30-day payment and do not take the discount. Take discounts only if the payment will be made on or before the last day of the discount period.

C. If a discount is erroneously taken and not refunded before the due date, refund the amount of the discount and compute interest on the refund amount from the day after the net due date through the date the refund check is issued.

0907 TRANSPORTATION ACCOUNTS

090701. The vendor pay office designated in the procurement document to make payment, will also make reimbursement for a vendor claim arising from prepayment of transportation costs based on a procurement document. The reimbursement may be made either in full or partial amount, whether the procurement document provides directly or indirectly for shipment at U.S. Government expense. The cost may be learned from the Military Traffic Management Command (MTMC) office in the geographical area in which the requester is located.

090702. Forward doubtful cases to General Services Administration, ATTN: FWAJ, Washington, DC 20405, through DFAS-IN, ATTN: DFAS-IN/G, 8899 East 56th Street, Indianapolis, IN 46249-0160, for consideration. Do not send or instruct a vendor to send such claims to DFAS-IN, Directorate for Transportation Payments as this directorate pays transportation accounts only when shipment is on a GBL and the carrier submits a properly certified bill.

0908 PAYMENT PROCEDURES FOR PERSONAL PROPERTY SHIPMENTS

090801. Entitlement Regulations. Basic rules for determining military and civilian personnel entitlement to move personal property at U.S. Government expense, including privately owned vehicles (POVs) and mobile homes are in the Joint Travel Regulations (JTR), Volume 2, and the Joint Federal Travel Regulation (JFTR), Volume 1. When personal property is shipped by commercial carrier, use GBLs, where acceptable, to buy the required services. Do not use a GBL for civilian employees being reimbursed using the commuted rate method.

090802. Supporting Papers Submitted By Carriers.

A. Voucher and Supporting Papers Required to Pay for Personal Property Shipment. Carriers submit the following documents:

1. Original SF 1113.
2. Original SF 1105 or SF 1113 with completed delivery certificate.
3. DD Form 619 (Statement of Accessorial Services Performed) properly prepared if such services have been rendered.
4. Legible copy of weight certificate.

B. Voucher and Supporting Papers Required to Pay for Shipping Mobile Dwellings. A commercial motor carrier and all other mobile home carriers must submit:

1. Vouchers as prescribed in paragraph 090802.A. above. The SF 1103 or SF 1113 is not required when the dwelling has been placed in storage-in-transit and a storage certificate has been presented.
2. Original DD Form 619 properly completed if services have been performed.
3. Legible copy of weight certificate, if charges are based on weight.

C. Ocean Freight Bill and Certificate to Use Foreign Flag Service. A commercial motor van carrier and all other household goods (HHG) carriers must also submit:

1. An ocean freight bill to support a GBL that involves overseas HHG transportation.
2. A justification certificate for using a foreign flag aircraft or vessel (DoD 4500.32-R, Military Standard Transportation and Movement Procedures (MILSTAMP)) approved by Air Mobility Command or the Military Sealift Command (MSC), as appropriate. Sample formats for these certificates are shown in DOD 4500.34-R.

090803. Documents Required from Origin Transportation Officers on Personal Property Shipments.

A. The origin transportation officer will furnish the following documents to all vendor pay offices except DFAS-IN, Directorate for Transportation Payments:

1. Memorandum copy of SF 1103 or SF 1113 or other pertinent shipping documents (annotated by motor van carrier to show weight, rate, and accrued charges just prior to line-haul movement).

2. Other required documents that authorized the shipment.
 3. Legible copy of weight certificate.
- B. Forward bills for personal property shipments within CONUS directly to DFAS-IN, Directorate for Transportation Payments for payment.
- C. For shipments between CONUS and Alaska, Canada, and overseas areas (including service within Alaska and Canada), forward the following bills to DFAS-IN, Directorate for Transportation Payments for payment:
1. HHG/unaccompanied baggage shipments under GBLs, including those packed to be shipped via rail or motor freight or freight forwarder.
 2. Uncrated shipments by commercial van carriers between CONUS, Alaska, Canada, and overseas areas, including service within Alaska and Canada.
 3. Shipments of mobile dwellings between CONUS and Alaska.
- D. For shipments to, from, and within Mexico, submit bills for personal property shipments to, from, and within Mexico as follows:
1. To DFAS-IN, Directorate for Transportation Payments when
 - a. GBLs are issued for shipments within CONUS from and to points of entry by surface transportation, and
 - b. For through bill of lading service between Mexico and CONUS by commercial air.
 2. To the vendor pay office designated by the commander in the area concerned for personal property shipments within Mexico, including service from and to points of entry.
- E. The following organizations pay for personal property and baggage shipments by commercial carriers on GBLs, U.S. Government warrants, purchase orders, and contracts within or between overseas commands or foreign countries:
1. DFAS-IN, Directorate for Transportation Payments when service is procured on GBLs and payment is to be made to an American carrier or freight forwarder in U.S. Dollars.
 2. The vendor pay office designated by the commander in the area concerned when--

- a. Local carriers provide services for transportation within the area concerned and to other adjacent overseas areas.
- b. Entitlement personnel use local transportation documents, approved by GSA.
- c. An American freight forwarder is providing services wholly within the command concerned on GBLs when local carrier rates provide lower transportation costs.

090804. Shipments for Civilian Employees-Commutated Rate Basis. Civilian employees arrange these shipments rather than a transportation officer. Travel offices will reimburse civilian employees for these shipments on travel vouchers in accordance with Chapter 10.

090805. Regulations Governing Shipments. Transportation laws and regulations contain the following provisions that vendor pay offices are required to be aware of.

A. Weight Allowances. Maximum allowances for military personnel are prescribed according to rank and dependency status, with the provision that HHG that exceed the authorized weight allowance may be shipped under the same GBL or contract if the owner will bear any excess cost. This provision is also applicable to shipments that exceed administrative weight limitations. For military personnel, see the JFTR, Volume 1; for civilian personnel, see JTR, Volume 2.

B. Selection of the Transportation Method. In accordance with the JFTR and the JTR, the originating transportation officer designates the authorized mode of transportation for a given personal property shipment. If there is nothing to the contrary, vendor pay personnel accept the mode actually employed and the carrier used as the transportation officer's approved selection and the owner will not be liable for resulting excess costs.

C. Special Services. Special service, specific routing or loading, or any other service that costs more may be used if the owner bears the additional expense. The transportation officer who approves these special services must identify them as such and get the owner's written agreement to bear all extra expense. Whenever origin or destination transportation officers know that excess cost may exist, they will inform the vendor pay office.

090806. Determining and Collecting Excess Cost.

A. The vendor pay office who pays the carrier for personal property transportation services is responsible for determining and collecting any excess costs from the service member or civilian employee. If payment is not made by DFAS-IN, Directorate for Transportation Payments, the vendor pay office will send a copy of the shipment information to DFAS-IN to be associated with any other shipment and/or storage records under the same travel order. DFAS-IN, Directorate for Transportation Payments reviews all records on hand, including

the shipment or services for which it did not make payment, and determines any excess cost. DFAS-IN, Directorate for Transportation Payments initiates the collection action in all cases except for those shipments or services that were paid by another vendor pay office as the only transaction under the travel order. DFAS-IN, Directorate for Transportation Payments notifies the other vendor pay office in either case. Collection actions initiated by DFAS-IN or another vendor pay office will be directed through the military pay office currently paying the service member. The service member pays the total amount of the excess costs.

B. If owners for any reason consider the amount paid to be erroneous or excessive, they may file a claim with U.S. General Accounting Office, Office of the General Counsel, ATTN: Judgment Group, Room 1103, 441 G Street N.W., Washington DC 20548-0000, for refund of the amount they consider due.

090807. Excess Cost on Military Sealift Command (MSC) Vessels or Charters.

A. Personal Property Other Than POVs. Compute costs to be borne by civilian employees or service members to move excess personal property aboard MSC vessels that are billed in measurement tons (MTONs) of cargo on a ratio basis. Use the proportion of excess pounds to the actual pounds shipped on the bill of lading to determine the proportionate part of the cubic measurement billed by MSC to charge to the civilian employee or service member as excess.

B. POVs. Civilian employees or service members who ship a POV that exceeds 20 MTONs must pay all identifiable costs above 20 MTONs, not to exceed the cost the U.S. Government must pay for the shipment.

090808. Excess Cost on Commercial Vessels. Commercial vessels may ship personal property within the prescribed weight allowance at U.S. Government expense. Charge "general average contributions" (see Glossary) costs on weight which exceed prescribed allowances to the civilian employee or service member, in addition to the excess in paragraph 090806.

090809. General Average Contributions. Process personal property shipments as military cargo for general average purposes. Immediately after learning that general average has been declared with any personal property shipment, the MSC will receive a personal property release without any bond or other security being furnished by either the Department or the person owning the personal property. MSC will inform the general average adjuster that the shipment was made under U.S. Government cognizance, which is fully responsible for all expenses in connection with the shipment. It is not necessary for the individual owner to post bond to get the goods released. The MSC determines and settles claims for general average contributions by or against personal property.

090810. Storage and Drayage Charges.

A. Storage In Transit. Short term temporary storage of civilian or military personnel's HHG is authorized so long as it is in conjunction with a permanent change of station (PCS) move and the storage is as a result of that move. Short-term temporary storage is charged on a GBL and is included as a part of the normal HHG movement. Personal property placed in temporary storage by the service member or civilian employee is not included in this coverage. DFAS-IN, Directorate for Transportation Payments, will pay storage, handling, and drayage charges when storage in transit is authorized on the GBLs and charges are payable to the line-haul carrier.

B. Temporary and Non-Temporary Storage at U.S. Government Expense. The JFTR and the JTR prescribes various situations in which military and civilian personnel are entitled to temporary and non-temporary storage of HHG at U.S. Government expense. This storage may be procured from outside vendors under standard U.S. Government contracts and payments processed as normal commercial vendor payments.

C. Non-Temporary Storage Excess Costs. When the weight of HHG placed in non-temporary storage on a civilian employee's or service member's order, added to the weight shipped on that order, results in exceeding the civilian employee's (JTR) or service member's (JFTR) weight allowance, the civilian employee or service member is liable for all costs for packing, draying, handling, and storing the excess weight.

1. The U.S. Government pays the vendor's invoice for the initial preparation, drayage, handling-in, and storage costs due.

2. The transportation officer informs the accounting activity or vendor pay office of the initial excess costs amount to be collected from the civilian employee or service member.

3. The accounting activity prepares the DD Form 139 (Pay Adjustment Authorization) to collect from the civilian employee or service member the amount the U.S. Government paid the vendor for initial preparation, drayage, handling, and storage for the weight that exceeded that authorized for storage at U.S. Government expense.

4. The transportation officer then notifies the vendor in writing, with a copy furnished the civilian employee or service member, that the:

- a. Civilian employee or service member has exceeded his or her authorized weight allowance.

- b. The U.S. Government will only pay for weight the civilian employee or service member is authorized to store (specify the pounds authorized).

- c. Contractor must bill the civilian employee or service member directly for weight above the amount authorized to be stored at U.S. Government expense.

d. The transportation officer will issue a supplemental DD Form 1164 (Service Order for Household Goods) showing the service member's authorized weight that is being stored at U.S. Government expense.

090811. Draying, Packing, Crating, and Uncrating.

A. Governing Regulations. The JFTR and JTR govern basic entitlement to packing, crating, and uncrating authorized HHG and/or unaccompanied baggage shipments at U.S. Government expense.

B. Excess Weight. The JFTR and JTR define the authorized PCS HHG packing, crating, and uncrating expenses authorized to be shipped at U.S. Government expense. Expenses for HHGs that exceed the maximum weight allowance will be the responsibility of the owner.

C. Performance. Use existing DA facilities, when available and adequate, to perform authorized packing, crating, and uncrating. When not available or inadequate, use the available facilities of any service subject to JFTR and JTR. When service facilities are unavailable or inadequate, use a direct procurement method contract for commercial facilities. In certain cases, GBL carriers pack, crate, and uncrate as part of their service.

D. Payment. The vendor pay office servicing the activity that ordered the HHG packed, crated, drayed, and unpacked (regardless of whether the services were procured for the Army, Navy, or Air Force) pays the vendor for the services. For appropriations to be charged see DFAS-IN Manual 37-100-FY. When the line-haul motor van carrier packs, crates and/or uncrates, include the carrier's charges with payment documents. (See paragraph 090802.)

E. Collection of Excess Costs.

1. The vendor pay office making the payment to the vendor computes excess costs for services. The vendor pay office notifies the personal property owner of the excess costs and takes action to collect. DFAS-IN, Directorate for Transportation Payments, contacts the origin and destination installations to determine costs locally incurred for these services and any amounts which were collected locally.

2. DFAS-IN, Directorate for Transportation Payments, pays GBLs issued for Accessorial services-or-to-transport personal property. DFAS-IN computes excess cost for shipments and services performed under GBLs or other shipping documents and the final excess cost for all services performed on a particular shipment.

3. The vendor pay office will compute and furnish excess costs for packing and crating services performed by the post engineers or by a direct contract to the accounting activity for collection action. The accounting activity's receipt acknowledgment is authority for the post engineers to clear the charges from their records.

4. The accounting activity will take collection action for excess costs payable by civilian employee or service members. Such action may be referred to the accounting activity at the civilian employee's or service member's new duty station if circumstances so warrant. See Chapter 17 for collection procedures.

5. Collections for excess costs are processed as an appropriation refund.

090812. Evidence Of Local Service. The following documents are required to pay for draying, packing, crating, and uncrating services under a local contract when GBLs are not used.

A. Inbound Shipments.

1. Local contract is required.
2. Local transportation officer statement that the services were authorized and performed.
3. Copy of the inbound GBL showing the accounting classification and citation to the travel orders. If a copy of the inbound GBL is not available, cite the accounting classification on the travel orders.
4. Require a weight certificate or statement from the vendor performing the services to certify the actual or estimated weight used on the billing. If the weight is estimated, the formula or method used to determine the weight must accompany the estimate. Submit the weight of professional books, papers, and equipment separately on the weight certificate.

B. Outbound Shipments.

1. Local transportation officer statement that the services were authorized and performed.
2. Copy of the civilian employee's or service member's travel orders.
3. Verification of weight (see paragraph 090812.A.4. above).

C. Local Moves (Other than to a Non-temporary Storage Facility).

1. Cite the local contract.
2. Local transportation officer statement that the services were authorized and performed.

3. Copy of the order authorizing the move.
4. Weight verification (see paragraph 090812.A.4. above).

D. Other Documents As Required.

1. Statement showing the authorized allowance in the JFTR or JTR.
2. Appropriate statement prescribed in Chapter 10 when the service member is undergoing hospitalization or medical treatment.
3. Statement of detailed excess cost and furnish it to the vendor pay office by the individual who procures services. In addition, the transportation officer must tell the owner the estimated amount and reasons for the excess costs. The statement provided the vendor pay office must contain all pertinent details to facilitate computation and collection actions.

090813. Shipments for Military Personnel Detailed to Other Services.

A. Upon Initial Assignment. The vendor pay office or agent of the service issuing the orders authorizing the transportation procurement will pay transportation accounts to transport authorized personal property for Army service members detailed to the Navy, Air Force, Marine Corps, or Coast Guard, and service members of those services detailed to the Army for duty.

B. Upon Relief from Duty. The vendor pay office or agent of the service procuring the transportation for the order-issuing service will pay transportation accounts when Army service members are relieved from duty with other military services or service members of other services are relieved from duty with the Army. Charge the amount to the appropriation of the service issuing the orders.

C. Draying, Packing, and Unpacking Costs. When a service order under a basic agreement, a contract, or a purchase order is issued for personal property services (that is, packing, crating, draying, and unpacking) for a Navy, Air Force, or Marine Corps service member per PCS order, the vendor pay office servicing the activity that ordered the services will pay the vendor. For appropriations chargeable, see DFAS-IN Manual 37-100-FY. Take necessary collection action before the service member leaves the installation. If this is not possible, refer the action to the accounting activity servicing the service member's new duty station.

090814. Transportation and Accessorial Charges to Carriers.

A. Paying Transportation Charges. A carrier is entitled to be paid transportation charges from point of shipment to destination storage point when---

1. HHG, unaccompanied baggage, and mobile dwellings are shipped for the Army, Air Force, Defense Logistics Agency (DLA), Office of the Secretary of Defense (OSD), and military and civilian personnel.

2. Shipments are stored in transit for the carrier at destination storage point for ultimate delivery to consignee.

3. The carrier hauling the shipment to a destination storage point certifies over the signature of its duly authorized representative as follows:

The household goods/unaccompanied baggage described on (GBL number) were placed in the carrier's storage warehouse at (destination warehouse) on (date).

or

The mobile dwelling was placed in destination storage (designated location) on (date)

and

such shipment will be permitted to remain there for a period of (number of days) or such short period as may meet the consignee's or owner's demands. Carrier(s) hauling the shipment to the designation storage point assume(s) full carrier liability for the shipment during such storage and until delivery is made to the consignee or owner within the designated storage period. The warehouse named above may voucher and receive payments from the U.S. Government as an agent of the carrier for all storage-in-transit charges authorized on the GBL described above.

(line-haul carrier)

(signature and title)

(carrier representative)

B. Certification.

1. The vendor will make the above certification on the covering GBL. If space is not available on the GBL, the certification with reference to the appropriate GBL number may be made on plain paper and securely attached to the GBL.

2. The carrier may, at its option, include in this certificate a statement designating the warehouse, and its location, as the carrier's agent to receive payment in the name of the U.S. Government for all storage-in-transit and delivery-out charges (and other applicable related charges) authorized by the GBL to which the certificate pertains. In these situations, a signed duplicate copy of the certificate is attached to the supplemental bill covering the charges.

C. Paying Additional Accessorial Charges. Pay any additional Accessorial charges to the line-haul carrier who claims them on an SF 1113 which accrue against the shipment after delivery into storage. The claim will bear the same bill number as the carrier's original bill for transportation charges with a letter suffix added (for example, No. 12345-A).

However, when the carrier designates an agent to bill these charges, the same bill number (with a letter suffix) as the line-haul carrier's original bill for transportation charges need not be shown on a supplemental billing. The supplemental billings for Accessorial charges will-

1. Identify the GBL covering the line-haul transportation service or furnish a copy of the GBL.
2. Furnish a signed duplicate copy of the certificate of waiver issued by the line-haul carrier.
3. Show the basis for the Accessorial charges claimed.
4. Contain an original DD Form 619 (Statement of Accessorial Services Performed) for the services rendered at destination, signed by the owner or transportation officer and the carrier's authorized representative, that shows-
 - a. The date the Accessorial services were ordered and furnished.
 - b. The date the consignee or owner received the shipment.
 - c. Any loss or damage to the shipment, if any. Use the REMARKS block for this information.
 - d. The net weight of the shipment delivered from the storage in transit (from the carrier's tender of service).

090815. Reimbursement to Individuals for Expenses Incurred Shipping HHG.

A. Submitting Claims. Individuals will submit claims for reimbursement for shipping HHG and baggage at personal expense to the local vendor pay office for payment. See Chapter 10 for procedures and documents required. Pay these claims as soon as possible.

B. Claims for General Average Contributions. Charge claims from personnel for the amounts of their general average contributions, when authorized, to the accounting classification cited to transport the baggage, HHG, and personal effects. The appropriate claims officer will process claims as expeditiously as possible for payment.

090816. The Local Payment Of Airlines (LOPA) System. The LOPA system is for local payment for airline, train, or bus passenger service. The system uses a single SF 1169 (U. S Government Transportation Request) as authority to procure multiple tickets over an established period of time. The LOPA system provides a service to DoD and Coast Guard military and civilian members. It is applicable to any installation on which a travel agency is located. It may also be used at an installation that uses teleticketing equipment to obtain airline, train, or bus

passenger tickets. The vendor pay office servicing the installation where the travel agency is located pays for LOPA service.

A. Processing LOPA Vouchers. The transportation officer verifies, at the end of each ticketing period, that the tickets covered by SF 1113 were received and the price shown on the individual DA Form 4556 agrees with the amount shown on the ticket listing. The carrier's designated representative must sign the SF 1113. The transportation officer then completes the administrative certificate on SF 1113 and sends it with SF 1113 (triplicate) to the vendor pay office at the end of the ticketing period. The payment due date is 30 days after these documents reach the transportation office; the payments are subject to PPA and interest is due on late payments. The transportation officer will send the following supporting documents to the vendor pay office:

1. Original SF 1113 with the original SF 1169, original DA Form 4556 (Airline Service Request), and the original ticket listing.
2. Duplicate SF 1113 with copies of SF 1169, copies of DA Form 4556, a copy of the ticket listing, and copies of each travel order.
3. Triplicate SF 1113 without supporting documents.

B. Voucher Payment. After receiving SF 1113, vendor pay personnel will do the following:

1. Verify that the appropriate documents are attached.
2. Verify that the total amount the carrier claims on SF 1113 is the total of the amounts shown on the individual DA Forms 4556 and the amounts shown on the ticket listing.
3. Promptly coordinate with the transportation officer any differences in amounts claimed and amounts shown on supporting documents so that payment may be made without delay.
4. Verify the accounting classification chargeable for each ticket on DA Form 4556 with the related travel order. Individual amounts chargeable are grouped under the appropriate accounting classification and totaled. The sum of the accounting classification subtotals must agree with the total amount of SF 1113. Enter the complete accounting classifications and total amount chargeable on each SF 1113 or a continuation sheet. If available, use an ADP created listing to accumulate the accounting classifications subtotals.
5. After posting the payment data to the bills register, forward the paid copy of SF 1113 to the transportation officer.

C. Processing Supplemental Carrier Claims.

1. General. A supplemental bill represents a claim against the U.S. Government for an additional amount due on a ticket previously paid. The travel agency submits the supplemental bill (SF 1113) to the transportation officer with an explanation of the additional charges. The transportation officer adds the fund citation to the SF 1169, if it is not included on SF 1113 submitted by the carrier. The supplemental bill must bear the same SF 1169 number as the original bill, but with an added alpha suffix. For example, supplemental bill number 123 would be shown as number 123-A, additional supplemental bills would be shown as number 123-B, number 123-C, and so forth. Before sending it to the vendor pay office, transportation officers will review the claim and the original ticket; if the information on both agrees, transportation officers will complete SF 1113 as follows:

"Previous payment (DO voucher no.) (date of payment), and (disbursing station symbol number)."

Vendor pay personnel will verify this information from the transportation officer's (TO's) copy of the original voucher.

2. Claims After the Voucher is Paid. Only claims arising from arithmetic errors on the original voucher are authorized to be paid at the installation. Forward all other claims to General Services Administration, ATTN: FWAJ, 18th & F Streets, Washington, DC 20405-0000.

3. Claims Based on Arithmetic Errors. After receiving the supplemental SF 1113, the vendor pay office identifies the chargeable accounting classification from the copy of the travel orders kept with the original voucher and enters it on SF 1113. Issue payment for the voucher amount 30 days after the supplemental SF 1113 reaches the vendor pay office.

4. Claims Based On Other Than Arithmetic Errors.

a. After receiving the supplemental SF 1113, identify the chargeable accounting classification from the copy of the travel order retained with the original voucher and enter it on SF 1113. The vendor pay personnel will send the original SF 1113 and the airline explanation to General Services Administration, ATTN: FWAJ, 18th & F Streets, Washington, DC 20405-0000, for settlement. Vendor pay personnel will inform the claimant that the claim has been sent to GSA and the date of the transmittal. Retain copies of SF 1113 in suspense until notified of settlement.

b. If the claim is approved, GSA authorizes payment on GAO Form 39 and sends it to the vendor pay office which submitted the SF 1113. The vendor pay supervisor receipts for and returns the transmittal letter to GSA. Payment is made for the authorized amount and sent to the claimant per the instructions on the stub of SF 1113.

5. Disapproved Claims. If GSA disapproves the claim, they send a GAO Form 44 (Settlement Certificate) to the claimant and to the vendor pay office who submitted the claim. GSA explains the reason the claim was disallowed.

D. Lost, Stolen, or Destroyed Tickets. Travelers will report the loss of transportation tickets to the issuing TO and/or the carrier immediately upon realization of their loss. Travelers will then secure the necessary travel tickets utilizing his/her own funds (the individual Charge Card may be used for this purpose). The TO will assist the traveler in preparing a lost ticket refund application. A copy of this refund application will be filed with the traveler's settlement voucher along with the receipt for the purchase of the replacement ticket. The traveler will be reimbursed for the replacement ticket up to the amount of the original ticket. If the carrier determines that the ticket was used, the traveler will be required to refund the cost of the ticket. If the carrier determines the tickets were not used, appropriate collection will be initiated against the travel agent that issued the original ticket.

E. Excess Accompanied Baggage Procedures. A traveler whose travel orders authorize excess baggage pays the excess baggage charges directly to the airline at the time of flight check-in. If this procedure imposes an unwarranted hardship on the traveler, the traveler may obtain an advance from the OPLOC/FAO to pay the excess baggage fee or charge it to the individual charge card. If a SF 1169 is used for excess baggage, do not pay it locally. The carrier gets reimbursement for the charges by DFAS-IN Directorate for Transportation Payments.

F. Carrier-Initiated Refunds. If the travel agency initiates a refund to the U.S. Government, the transportation officer will prepare SF 1170 (Redemption of Unused Tickets) and DD Form 1131 to support the collection. The transportation officer sends the check, the carrier's explanation, SF 1170 (triplicate) and DD Form 1131 (triplicate) to the vendor pay office for processing. The vendor pay personnel will identify the accounting classification originally charged from the copy of the travel order kept with the copy of SF 1113 on which the ticket was paid and processes the voucher under normal procedures as an appropriation refund.

G. Airline Overbooking. Tariffs of scheduled airlines require compensation to travelers if they fail to provide service as scheduled due to overbooking and overselling seats on the aircraft. This compensation is divided into two categories.

1. Travelers are authorized to keep any compensation they may receive for voluntarily giving up their seat provided they meet scheduled work assignments and there is no additional cost to the U.S. Government.

2. Compensation for involuntary bumping, or if there would be an interruption to the work schedule or additional cost to the U.S. Government, must be turned in to the OPLOC/FAO servicing the traveler. Checks for compensation in this case will be made payable to the U.S. Treasury. The traveler will give the check to the vendor pay personnel who will deposit it to miscellaneous receipt account 21R1099 (see DFAS-IN Manual 37-100-FY).

090817. The U.S. Government Travel System (GTS). Under GTS, installation transportation officers do not use transportation requests to purchase airline, rail and bus tickets. Each installation transportation officer charges tickets to an agency charge account. In turn, the charge account company pays the travel agency, also known as the Commercial Travel Office (CTO) and then bills the installation transportation officer per an established billing cycle. Installation Transportation Offices (ITOs) and vendor pay offices have to manually reconcile the GTS accounts in order to pay the bill. Future installations implementing GTS will reconcile using a personal computer based program which allows much of the work to be accomplished by automation, saving time and effort. The following procedures will be used by the ITOs and vendor pay offices to reconcile and pay GTS bills:

A. The ITO will:

1. Receive, date stamp the hard copy invoice and notify the CTO that the invoice has been received the CCV. The CTO will then prepare and forward, to the installation transportation officer, the GTS reconciliation package (hard copy for non-automated site and diskette for automated sites), orders and itineraries and or invoices in ticket number order for each ticket listed on the invoice.

2. MTMC has instructed all ITO's to use the date the electronic transmission was received by the account manager as the invoice date. If the account manager had already stamped the invoice prior to receiving CTO transmission, the AM should line through the date stamp date and annotate CORRECTED and enter date CTO transmission was received. MTMC has also instructed the ITOS to send the entire first page of the invoice.

3. Review, correct, and verify passenger name, accounting data, disputed items, and credits, if any, in the reconciliation package against the information contained on the itineraries/invoices and orders as obligations against the accounting classifications cited on the orders. Automated sites will generate the reconciliation package or verify the information on their personal computer. Non-automated sites will use the hard copy reconciliation package provided by the CTO to perform the verification.

4. Review the discrepancy report for charges that were not reconcilable by the CTO. These charges could include airport credits, charges not in the CTO system, double billings, charges to wrong account, and unidentified charges. Attempt to resolve the disputed items and add the resolved items to the current detailed bill for payment. For those items that remain unresolved and under dispute, automated sites will print the discrepancy report and send it to the CTO site manager by facsimile or express mail within two days after receiving the GTS diskette. Additionally, prepare and mail the credit card company reconciliation billing dispute notification form to the credit card company. Provide a copy of the reconciliation and billing dispute notification to the vendor pay office. Non-automated sites will line-out those items that were reconcilable from the dispute sheet and add them to the debit report, to include; ticket number, traveler's name, accounting classification, net amount, discount amount, and gross amount of each ticket.

5. Use the GTS program report generator (automated sites) to produce any required reports for the installation TO retained copy. Non-automated sites will use the computer generated reports provided by the CTO.

6. Save the reconciled data and export it to a formatted double density diskette for forwarding to the vendor pay office making the payment.

7. Prepare a SF 1034 in original and three copies. Include the following information on the original and each copy:

a. CCV account number in the "Payee's Account Number" block.

b. Date the ITO received the CCV hard copy bill in the "Date Invoice Received" block.

c. Date the ITO received the CTO supplied GTS diskette or hard copy reconciliation package in the "Shipped From" block.

d. Date the SF 1034 and GTS export diskette or reconciliation package were mailed/forwarded to the designated agency office in the "Date Voucher Prepared" block.

e. Invoice number in the Government B /L Number.

f. Invoice Date in the Date of Delivery or Service.

g. Total amount approved for payment in the "Amount" block. This amount will equal the total of the net amount of each appropriation.

h. Address of ITO office submitting the bill in the "Articles or Services" block.

8. Prepare a certificate verifying receipt of services in the "Articles or Services" block underneath the address of the ITO. The certificate will read: "I hereby certify that the services indicated on the detailed report were rendered as stated and that the amount shown is a proper and correct charge." Type the COR signature block and sign.

9. Data in the "Accounting Classification" block of the SF 1034, should be the net amount being paid to the CCV and a separate line showing the discount amount which will be paid by the CTO. Non-automated sites will list appropriation and amounts. If there are too many appropriations to include them in this block, type "See attached report". List all the appropriations on a separate page and attach it to the SF 1034. Include a total dollar amount for all the appropriations. This amount plus the discount amount will equal the gross amount of the invoice.

10. Provide the vendor pay office the following documents:
 - a. The original and two copies of the SF 1034.
 - b. A copy of the Detailed Current Bill in ticket order sequence.
 - c. The GTS export diskette (automated sites) or two hard copy reconciliation packages. (non-automated sites only).
 - d. The entire first page of the CCV invoice.
 - e. Two copies of the travel orders and itinerary/invoice for each ticket and advance credit included in the detailed report. Additionally, the ITO will provide a copy of the SF 1034 for each different FSN contained in the GTS bill along with a copy of the travel order and itinerary/invoice for each ticket and advance credit funded by the corresponding fiscal station.
11. Retain the following items:
 - a. Copy of SF 1034.
 - b. Copy of each order and itinerary/invoice.
 - c. Copy of the entire first page of the CCV invoice.
 - d. Printout of corrected and verified information from the GTS computer system or corrected copy of the CTO provided hard copy reconciliation report.
 - e. The CTO supplied GTS diskette.
- B. The vendor pay office will process GTS bills for payment as follows:
 1. Using the export diskette (automated sites) from the ITO, import the corrected reconciliation information into the GTS program. Non-automated sites will receive a corrected hard-copy report from the ITO.
 2. Review the reconciliation report to ensure the accounting classification, APC or job order cost center (JOCC) data, FSN and SDN are entered correctly. Do not delete any line items from the report.
 3. Make corrections to any of the above data. Do not change the dollar amount certified for services rendered without first obtaining approval from the ITO. If changes are needed, request a corrected SF 1034 from the ITO.

4. Charge the net amount against the appropriate appropriation(s).
5. Ensure the net amount and the discount amount equals the total of the gross amount of the invoice.
6. Retain a copy of the voucher, invoice, and GTS package.
7. Ensure an obligation equal to or greater than the disbursement amount is in the accounting records prior to payment. Do not make payment until the obligation is recorded in the accounting records.
8. Mail the payment coupon, check (unless payment made by EFT), dispute form, and a copy of the voucher to the CCV.
9. Forward a copy of the voucher, itineraries and travel orders to each funded fiscal station as TFOs back-up documents.
10. Provide copy of the voucher to the transportation office.
11. Centrally Billed Accounts (CBA) and TFO Cell Process: Centrally Billed Account payments will not go through the TFO Cell process. To better serve our customers and comply with current government regulations, use the normal vendor pay process when making CBA payments.

C. Procedures For Processing Unused Tickets:

1. The traveler will turn in all unused tickets, partially unused tickets, refund applications, transportation credit forms and other transportation documents or portions thereof to the issuing CTO or, if that is not possible, to the CTO nearest the traveler's duty station. This will be done as soon as practicable, but not later than 30 days.
2. When the receiving ITO is the issuing officer, the ITO will annotate the traveler's copy of the itinerary. Annotation will include the unused ticket number, portion unused, cost, date and the ITO or his/her designated representative's signature. The annotated form will serve as a receipt and submitted with the individual's travel voucher if there is a travel claim. If a totally unused ticket is received prior to the end of the ticketing period, the issuing ITO will immediately return the ticket annotated "Canceled" to the CTO with a copy of the itinerary on which it was issued. The CTO will provide the ITO with a receipt for the unused portion of the ticket and enter the amount of the credit in their reservation system. If the charge has already been processed on a CCV bill, the CTO will provide credit on the next CCV bill. If the charge has not been processed on a CCV bill, the CTO will suspense the credit until the charge appears on a CCV bill. At that time process the charge and credit as an advance credit.

3. When the receiving ITO is other than the issuing officer, the installation may or may not be under GTS. In either situation, the traveler's copy of the transportation ticket will be marked with the unused ticket number, portion unused, cost, date, ITO's signature, title and installation. The annotated form will serve as a receipt and submitted with the individual's travel voucher. Annotate the unused ticket, refund application, transportation credit form or related transportation documents as "Canceled" and forward to the issuing ITO for appropriate action.

D. Lost transportation tickets. Follow the procedures in paragraph 090816.

090818. Small Shipments Paid Using Commercial Forms.

A. Commercial Forms.

1. The optional use of commercial forms applies only to the following types of shipments:

a. Shipments for which the transportation charges ordinarily do not exceed \$100 per shipment and the occasional exception does not exceed that monetary limitation by an unreasonable amount.

b. Single parcel shipments via express, courier, small package, or similar carrier, without regard to cost, if the parcel shipped weighs 70 pounds or less and does not exceed 108 inches in length and girth combined.

c. Multi-parcel shipments via express, courier, small package, or similar carriers for which the total transportation charge does not exceed \$250 per shipment.

2. When a commercial bill of lading or commercial express receipt is unavoidably used on a shipment of property for the account of the U.S. under circumstance not authorized above, return the bill to the origin transportation office for conversion to a GBL.

3. Payments should be made by EFT at origin or destination and before the service is completed when the origin carrier presents the ticket, receipt, carrier-designed bill of lading, or equivalent document covering the services involved. Carriers handling these shipments are instructed to submit their bills on the commercial forms they ordinarily use. Except in those cases when an advance payment has been made, pay transportation charges upon the carrier certification that the shipment has been delivered in good order. If the shipment is not received in good order and an advance payment has been made, the payment is subject to later recovery by deduction from future payments or by a request for refund. All charges under these procedures must be billed by and paid to the origin carrier or forwarder and may not be waived to any other carrier. Instructions on where payment is to be made (whether at origin or destination) and the desired payment method must be clear on the carrier's bill.

B. Payment Methods. Follow normal procedures for processing vendor payment vouchers.

C. Responsibilities.

1. After receiving the commercial bill of lading or ticket, the transportation officer:

- a. Verifies the charges.
- b. Verifies that the services have been performed or requires a notice from the consignee or receiver in cases where transportation charges have been paid in advance but shipment is not received in good order.
- c. Takes appropriate adjustment action if there is a discrepancy in the shipment.
- d. Prepares and approves the SF 1034 for payment of the transportation charges (normally prepared in original and four copies).
- e. Forwards the payment package (SF 1034, supporting invoices, and performance certifications) to the vendor pay office.

2. The receiver of the shipment:

- a. Examines the materiel to make sure that the quantities and items described on the purchase document and the supplier's sales document are present and in satisfactory condition.
- b. Ensures that the sales document contains the appropriate purchase order or other document number.

3. The vendor pay office processes the payments as follows:

- a. Posts and verifies payment data to the bills register or payment history file.
- b. Ensures that actions indicated in 090818A have been taken.
- c. Establishes firm internal controls and procedures designed to prevent or detect duplicate payments.
- d. Schedules and makes payment.
- e. Accounts for funds disbursed.

- f. Reviews all payments on a statistical sampling basis.

D. Supplemental Claims. Settle any supplemental claim arising after the original bills have been paid directly with the carriers involved. However, forward any claim involving a question of law, fact or the amount properly due to GSA, ATTN: BWCA, Washington, DC 20405, for direct settlement. Furnish the complete record, including the appropriation to be charged if GSA allows the claim.

090819. Loss, Destruction, or Damage of Property in Carrier's Hands.

A. Payments in Cases of Loss, Destruction, or Damage.

1. Make payment for freight or express transportation when a GBL is used to the last carrier, unless other directions are on the bill of lading. Only the quantity of property delivered at destination is paid for. One exception is weight loss from natural shrinkage en-route; the weight shipped is paid for, provided the packages are delivered intact. The procedures in paragraphs 090819.A.2. and 090819.A.3. below also apply to commercial bill payments covered by paragraph 090818. Schedule all payments to carriers upon the transportation officer receipt of request for payment.

2. The delivering carrier must note on the original bill of lading any discrepancies from the original tender in the final delivery and adjust freight charges accordingly. For a variety of reasons, this may have not been done. Therefore, when either the origin or destination transportation officer learns of discrepancies in the original bill of lading which increase the freight charges by \$25 or more, an SF 1200 (Government Bill of Lading Correction Notice) will be prepared to correct the original GBL. A copy of the SF 1200 is sent to the vendor pay office. Normally, this method tells vendor pay personnel the proper weight for freight charge purposes when shortages or losses occur, whether or not the shortages or losses are the carrier's responsibility. If the freight bill has already been paid, vendor pay personnel begin offset or claim action.

3. When reported property shortages are delivered after an SF 1200 was forwarded to the vendor pay office, the transportation officer will prepare and forward a revised SF 1200 to the same vendor pay office.

B. Carrier Responsibility.

1. General. When the carrier is to be held responsible for loss, destruction, or damage to U.S. Government and personal property while in transit, the transportation officer will prepare and process SF 361 (Transportation Discrepancy Report). Based on data in the completed SF 361, the carrier may be relieved of liability.

2. Personal Property. DD Form 1840 (Notice of Loss or Damage) is prepared if personal property of civilian employees or military personnel is damaged during a

move on a GBL or other U.S. Government contract. Subsequently, the individual will submit DD Form 1841 (Government Inspection Report) and DD Form 1842 (Claim for Personal Property Against the United States) to the carrier.

3. Transoceanic and Intercostal Water Transportation. Processing reports of survey that cover discrepancies in transoceanic and Intercostal water transportation shipments involve the MSC. The transportation officer will prepare and process SF 361.

C. Incomplete or Incorrect Discrepancy Notations. Use SF 361 to adjust any incomplete or incorrect SF 1200 entries. The DFAS-IN, Directorate for Transportation Payments will take action on the SF 361. These forms are referred to HQDA (DALO-TSP-P), Washington, DC 20310, for technical advice if it appears that action may be modified by-

1. Further investigation in light of commercial law and custom relating to shipping loss and damage.
2. Information or interpretation of tariff provisions.
3. Analysis of carrier's records.
4. Other action from traffic and transportation authorities.

D. Goods Accepted After Rejection.

1. Chargeable to Vendor. When goods were rejected at destination because they did not meet contract or purchase order terms but were later accepted under a reduced price or other adjustment, the goods may be accepted only under the terms of a modified contract. The payment to the vendor in this case would depend on the terms of the modified contract. In arriving at the price to be paid for the goods, consideration is given to charges incurred or accrued at destination because of the prior rejection. While the modified contract may provide for a total consideration without mentioning these charges specifically, the contract will direct to avoid any misunderstanding about whether they are included in the new agreement. In these cases, the destination transportation officer approves all bills covering such charges to show that the U.S. Government will pay and that the contracting officer has adjusted the charges in the modified contract. The destination transportation officer gives the contracting officer a statement showing the kind and amount of the bills and the name of the vendor pay office. Copies of this statement are sent to the vendor pay office. When the adjustment has been made, the contracting officer notifies the vendor pay office concerned so that the appropriations from which payments were made can be credited.

2. Chargeable to the U.S. Government. If, through the U.S. Government's fault, goods are rejected at destination and then later accepted, they can only be accepted under the original contract. In this case, the U.S. Government becomes liable for all charges.

E. Claims Against Carriers for Shortages or Damages.

1. U.S. Government Property. DFAS-IN, Directorate for Transportation Payments, (or any other vendor pay office that has been designated to settle such transportation accounts) will make claims against carriers for shortages or damages to shipments of U.S. Government property. Deduct or collect amounts due by direct claim to settle the matter. Do not file claims for amounts less than \$25. Obtain funds from the fund holder to write off claims less than \$25.

2. Personal Property.

a. The designated JAG or claims officer will make claims against carriers for shortages or damages to personal property shipments. If the carrier disclaims liability and, contrary to the findings on DD Form 1843 (Demand on Carrier/Contractor), declines to honor the claim, action will be taken to recover the amount due the U.S. Government as in subparagraph a., above.

b. The U.S. Government reimburses personal property owners for shortages and damages. Vendor pay personnel must quickly process approved claims when properly completed and approved DD Forms 1842 and SF 1034 are received from claims offices.

c. Contractor owned materiel and equipment are occasionally shipped on a GBL for the benefit of the U.S. Government. Claims arising from damage to such property are payable.

3. Claims for Lost or Damaged Baggage Shipped on Transportation Requests (TRs).

a. Claims Pertaining to U.S. Government Property. The vendor pay office designated to make payment to the carrier for the transportation furnished will adjust or settle all U.S. Government claims against contracting carriers for loss or damage to U.S. Government property shipped as checkable baggage on TRs. Such settlements must comply with recommendations of approved SF 361 or as otherwise provided by regulations.

b. Claims for Private Property. In cases where individuals lose private property, the claims settlement is a matter between the individual, the carrier, and JAG. However, the U.S. Government will have a prior claim whenever the loss or damage to baggage causes a loss to both the U.S. Government and to an individual. The U.S. Government assumes no risk for damage to property attributed to faulty packing or crating when packed or crated by owners or their agents and accepted by carriers for transportation. DoD personnel officers will assist carriers in determining that the property listed in claims from individuals is not U.S. Government-owned. In this connection, the title to all property issued to enlisted persons remains the U.S. Government's.

F. Payment for Repairs to U.S. Government Property Damaged in Shipment.

1. To Be Paid Locally. Supplies and repair services for U.S. Government property damaged while being shipped by commercial carriers are generally procured by a purchase agreement drawn specifically to cover the required repairs or by a delivery order drawn as part of an indefinite quantity contract. The specific purchase agreement or delivery order will designate the same vendor pay office who makes payments for the procuring installation ordering the repairs. However, use the funds of the organization which shipped the U.S. Government property to pay for necessary repairs.

2. Responsibility of the DFAS-IN Directorate for Transportation Payments. This office is usually responsible for collecting damage claims for damage to U.S. Government property being shipped on a GBL (see paragraph 090819.E.3.). It does not pay for supplies and repair services unless the procuring installation designates it as the paying office.

3. Responsibility. The shipper pays the charges when fumigation is ordered by the Department of Agriculture Inspection and Quarantine Service on shipments of civilian and military members HHG. When the fumigation service is performed simultaneously on more than one shipment, each shipment is assessed for its proportional share of the total charges.

4. Claims for Payment. The following documents must substantiate supplemental claims for fumigation charges submitted on SF 1113, with a reference to the GBL on which the shipment moved:

a. U.S. Department of Agriculture, APHIS Form 89 (Report of Reimbursable Inspection and Quarantine Service).

b. A copy of the invoice for fumigation services that was rendered to the carrier.

G. Disposition of Amounts Collected or Deducted.

1. Loss or Damage to Military Supplies and Equipment. Per 10 U.S.C., "An amount deducted from an amount due a carrier because of loss or damage to material-in-transit for a Military Department shall be credited to the proper appropriation, account, or fund from which the same or similar material may be replaced." (For example, if material was purchased by a procurement appropriation, credit the current procurement appropriation from which the same or similar material would be charged.) Do not credit an expired account because of loss or damage to material-in-transit. In those cases where a current appropriation is not available, credit the miscellaneous receipts account. Amounts credited to a miscellaneous receipts account are not available for the purchasing of same or similar material. (See DFAS-IN Manual 37-100-FY.)

2. Loss or Damage to Personal Property. Credit money for deductions made from carriers due to loss or damage to personal property to the appropriation

charged with the reimbursement to the civilian employee or service member. (See DFAS-IN Manual 37-100-FY.)

H. Action in Questionable Cases. Refer doubtful questions of law that arise from any report of survey to the servicing JAG or OGC.

090820. Shipments to U.S. Army Resale Commissaries and Troop-Issue Activities. Process payments for Accessorial service charges on free on board (FOB) destination shipments to DoD resale commissaries or troop-issue activities in CONUS, Alaska, and Hawaii. Do not refer to the consignor for payment.

A. Carrier Types.

1. Tariffs of common and contract carriers published in regulations of the Interstate Commerce Commission (ICC) and individual state regulatory agencies permit regulated carriers to publish charges for supplemental or Accessorial services that are performed in connection with line-haul shipments. Included in, but not necessarily limited to, such services are demurrage, detention, split delivery, and redelivery services. The consignee (resale commissary and/or troop-issue activity) and not the consignor (shipper of goods) pays for services when the delivering carrier performs such services on FOB shipments for a resale commissary or troop-issue activity. Such charges may vary depending on the applicable tariff. The ITO identifies and confirms authorized Accessorial services to the commissary officer and/or troop issue activity. The installation commissary officer or issue activity keeps charges for such services to an absolute minimum through efficient planning and scheduling of carrier equipment.

2. Non-regulated carriers, such as local companies and shippers who own and operate their own vehicles, may assess charges for previously described supplemental and Accessorial services performed. Treat such charges as in paragraph 090820.A.1.

B. Reordering Shipments. The commissary officer and/or troop-issue activity maintains a transportation log on all incoming shipments by regulated carriers. The log will show, as a minimum, the following:

1. Carrier's name.
2. Name of shipper.
3. Invoice number and date.
4. Date and time of arrival in unloading area.
5. Date and time of departure from unloading area.

C. Funding. Accessorial service charges are paid from applicable transportation funds. The DoD "Surcharge" funds cannot be used for payment.

D. Payment.

1. The vendor pay office designated to pay or reimburse for the supplies on which the charges are incurred will pay Accessorial service charges to the delivering carrier using SF 1034. The payment due date is 30 days after the bill reaches the designated billing office. Interest is payable on late payments. Report these payments on the PPA report as subject to PPA.

2. The vendor pay office prepares an original and four copies of the voucher, supported by the following documents:

a. The carrier's original invoice (Pick Up or Delivery Time Record).

b. Copy of the carrier's delivery receipt.

c. Original and four copies of the detention bill, U.S. Government shipments.

3. Multiple invoices from the same carrier may be combined on one payment voucher if each invoice has exactly the same payment due date.

E. Payment Processing.

1. Troop-Issue Activity.

a. Vendor pay personnel will record the receipted carrier invoice on the bills register or the automated payment history file. Examine the invoice and supporting documents for the required number of properly completed documents. Prepare an SF 1034 for properly prepared and supported invoices and forward to the troop-issue activity for appropriate action.

b. The installation troop-issue activity verifies the documents and information on the voucher, particularly the delivery and waiting time. In the case of non-regulated carriers, where such charges are not filed publicly, the troop-issue officer should determine that such charges are reasonable and that the carrier usually assesses them as a normal practice in its operations with non-U.S. Government consignees. Measure the reasonableness of such charges against the level of charges assessed by regulated carriers for the same type of service. The troop-issue officer then certifies the Accessorial service charges by completing and signing the certificate on the reverse side of the original and copies of the detention bill for U.S. Government shipments. Forward the documents to the ITO. It is not necessary for the troop-issue activity to maintain a file of charges certified.

c. The ITO verifies that the troop-issue officer has completed the reverse side of the detention bill for U.S. Government shipments and has signed it. The transportation officer then determines that the tariff is valid and the Accessorial service charges are correct. Annotate the reverse side of the detention bill for U.S. Government shipments "APPROVED BY" followed by the transportation officer's signature, typed name, title, and the date. The certificate is dated and the voucher returned to the vendor pay office.

d. The vendor pay office examines the voucher for the troop-issue officer and transportation officer approvals. If proper, the vendor pay office processes the voucher to pay the carrier. The payment due date is 30 days after receipt of bill in the vendor pay office. Since there are three organizations involved in the approval/payment process, it is vital that the procedure be done as quickly as possible to avoid an interest penalty payment. Therefore, vendor pay personnel will send the bill to the troop-issue activity as soon as they receive it, preferably on the same day. The troop-issue activity and the TO will each have 10 calendar days to complete their portion of the approving process in order for the approved bill to be back at the vendor pay office by COB on the 20th day after initial receipt. In this case, vendor pay personnel will have only 10 days to process the payment. The payment is reported on the PPA report as being subject to PPA.

2. Resale Commissary.

a. The resale commissary officer verifies the delivery and carrier waiting time shown on the carrier invoice. The Accessorial service charges are certified by completing and signing the certificate on the reverse side of the original and copies of the detention bill for U.S. Government shipments. Documents are then sent to the ITO.

b. The ITO verifies that the reverse side of the detention bill for U.S. Government shipments has been completed and signed by the commissary officer. The transportation officer determines tariff validity and Accessorial service charge correctness. Annotate the reverse side of the Detention Bill-U.S. Government Shipments form with the words, "APPROVED BY" followed by the transportation officer's signature, typed name, and title. Date the certificate and return the voucher to the resale commissary officer. The resale commissary officer forwards the carrier invoice to the regional field office. Record the invoice on the bills register or automated payment file. Check supporting documents for the resale commissary officer and transportation officer approvals and the required number of properly completed documents. If the invoice is properly prepared and supported, process the SF 1034 for payment to the servicing regional vendor pay office. Schedule the payment for 30 days after the bill reaches the designated agency office. Use the same 10 calendar day time frame given in paragraph 090820.E.1.d.

F. Distribution of SF 1034. SF 1034 will be distributed as follows:

1. Original to the accounting activity. See Chapter 2.

2. One copy for the vendor pay or accounting retained accounts.
3. One copy to the carrier with the payment.
4. One copy to the regional field office or troop-issue activity.

090821. Automobile Rentals.

A. GSA Interagency Motor Pool Rentals.

1. The vendor pay office servicing the fiscal station cited on the traveler's travel orders pays invoices for vehicles from GSA Interagency Motor Pools. Follow these payment procedures:

a. Travelers enter their name, travel order number, date, and the complete accounting classification shown in their travel orders onto GSA Form 312 (Trip Ticket) when they receive the vehicle from the GSA motor pool dispatcher.

b. Travelers will submit a copy of their travel orders and three copies of GSA Form 312 with their travel voucher to their servicing travel office.

c. The travel office examines the travel voucher and forwards one copy of GSA Form 312 to the accounting activity and another copy to the vendor pay office for payment of the GSA billing.

2. GSA Form 312 is the only document available for obligation and payment purposes. If the form is not submitted with the travel voucher, travel office personnel will contact the traveler and ask the individual to submit it. Suspend settlement until it is submitted. If the traveler cannot furnish the form, travel section personnel will contact the applicable GSA regional office to obtain the information. Keep requests to GSA to a minimum.

3. Procedures to reimburse travelers who pay rental charges directly to car rental companies are in Chapter 10.

4. The Army is pecuniary liable for loss of or damages to GSA motor pool vehicles caused by negligence, misconduct, abuse or inattention of military or civilian employees, except for normal wear and tear.

a. Vendor pay personnel will use the GSA provided SF 1080 (Voucher for Transfer Between Appropriations and/or Funds) or GSA Form 789 (Statement, Voucher and Schedule of Withdrawals and Credits) for these payments. Forward the check (unless paid by the On-line Payment and Collection (OPAC) system) and one copy of the voucher, without supporting documents, to GSA. File the original voucher with one copy of the GSA provided cost-of-repairs statement with the other original vouchers for the current month. See Chapter 2.

b. Identify the damaged vehicle including the following information:

- (1) The vehicle registry number.
- (2) The date of damage and the circumstances surrounding the damage.
- (3) The report of survey or investigating officer's report. However, do not delay payment to GSA pending these reports.

B. Administrative Use Vehicles. The vendor pay office designated in the procurement document will pay the administrative use vehicles that are procured locally.

C. Payment to Car Rental Companies.

1. The traveler directly pays the car rental company utilizing the government credit card, or advances and summits, upon return to duty station, a travel settlement voucher.

2. Do not approve payment for maintenance, fuels, lubricants, servicing (except in emergencies), license, registration fees, and all other operational expenses, unless specified in the rental rates of the rate schedule. Such charges are the car rental company's responsibility at no cost to either the U.S. Government or the traveler.

3. If major repairs are necessary, the driver is required to immediately place a collect phone call to the rental company to report the problem, ask for a replacement vehicle, and ask what to do with the disabled vehicle. Deduct the time spent while waiting for a replacement vehicle or for repairs to be finished from the total amount of time the traveler is charged for the vehicle.

4. Do not make payment for additional insurance except as provided in paragraph 090821.C.5. Under the terms of the MTMC agreement, the vendor (the car rental company) assumes full responsibility for all loss or damage to the rental vehicle, agrees to indemnify the U.S. Government and any of its agencies or officers (renters) for all liability, and assumes all costs for injury or death from the use of a vehicle furnished under the contract. Consequently, it is not necessary for travelers to buy additional insurance.

5. Collision insurance is generally included in the rental fee of commercial vehicles and it provides limited coverage to the customer. The laws of some foreign countries require travelers to buy additional insurance. If so, the amount can be paid directly to the car rental company or to the traveler as reimbursement.

6. If damage to the rental vehicle occurs while being used on official business, the U.S. Government will pay the amount of the deductible. Pay claims for this deductible either to the traveler or directly to the car rental company. Use SF 1034 to pay these claims. Hold payments to car rental companies for 30 days but make reimbursements to travelers as soon as possible. Documents necessary to pay claims from either travelers or rental companies are statements and itemized bills to validate both the claim and the amount of the damage. The accident report will also be included to establish fault on the party not employed by the U.S. Government and to enable DoD to recoup its loss when negligence of that party can be established without a costly investigation. Furnish copies of accident reports to the local JAG or OGC. Do not pay travelers for personal funds paid out for damage to their rented vehicle when it was being used for other than official business.

0909 VENDOR PROBLEMS

090901. Vendor Indebtedness.

A. Contracting and Finance Personnel. These personnel will work together to erase contractor indebtedness to the U.S. Government.

1. Contracting officers are responsible for determining all vendor indebtedness arising from contractor default or performance delay. The contracting officer reports this information to the vendor pay office, who works with the contracting officer on arranging for collection action. Vendor pay personnel do not initiate action on these problems with vendor performance but do abide by the contracting officer's directive on offset or payment stoppage. In order to avoid any misunderstanding on what actions must be taken on payments, contracting officers will furnish any such directives in writing to the vendor pay office.

2. Vendor pay personnel take the lead in correcting any overpayment or erroneous payment they have made to a vendor. If vendor pay or audit personnel determine that an erroneous payment or an overpayment was made to a vendor, accounting personnel are responsible for establishing an accounts receivable and collecting the amount back. (See Chapter 17.) Collect by offsetting future payments or by stopping payment altogether. Since this may affect the vendor's performance, inform the contracting officer of all actions vendor pay and accounting personnel take in their collection efforts. This is usually done by furnishing copies of all collection documents to the contracting officer who either issued or who is administering the procurement action.

B. Specific Tasks.

1. Accounting personnel ensure that the contracting officer furnishes complete information on amounts due on demand from vendors. This includes whether or not offset collections against payments due to vendors may be deferred, as well as getting copies of the agreements or contracts covering any agreed upon deferred payments. If offsets or payment stoppages are instituted, accounting personnel will inform vendor pay personnel and furnish copies of the documents which direct such actions.

2. Vendor pay personnel will maintain records of all withheld or reduced payments made to the vendor who is indebted to the U.S. Government. Furnish copies of these payment vouchers to accounting division personnel who are monitoring the accounts receivable.

3. Vendor pay personnel will make collections from amounts due vendors on the same or on other contracts as offsets, unless the contracting officer specifically directs them not to do so. They also will make any deductions from payments due vendors per approved deferment agreements. Notify the contracting officer of all such collections.

C. Requests from Other U.S. Government Agencies or Financial Institutions. Vendor pay personnel will honor requests from other U.S. Government agencies for offset actions against vendors who are indebted to the U.S. Government. If the amount of any offset request from another agency exceeds the amount due the vendor, the vendor pay personnel will inform that agency. Report any such offset requests to the contracting officer who issued the procurement document. If more than one U.S. Government agency asks for an offset, establish the following priority:

1. Department of Labor requests on Bacon-Davis Act salary disputes.
2. An assignment of claims from a financial institution.
3. A TD Form 668-W (Notice of Levy) from the Internal Revenue Service (IRS).
4. Other Federal agency requests, on a first-come-first-honored basis, after the above actions are completed.
5. State or local government agency requests.

D. Hold-Up List. Except for debts managed by the DFAS-IN Directorate for Transportation Payments, the DFAS-CO-FD is the only DFAS office authorized to submit debtors to DFAS-IN for placement on the List of Vendors Indebted to the U.S. for offsetting any money due from a vendor to the government. The List, normally referred to as the Hold-up List, is the only publication of this type available to all government agencies. The list is published at least quarterly but may be published every other month. It lists by name all known vendors indebted to the U.S. Government from contractual dealings with all U.S. Government agencies reporting such information to DFAS-IN. Complete instructions on action to be taken about payments to vendors indebted to the U.S. are included in the holdup list.

090902. Doubtful Claims.

A. Forwarding Claims. Forward claims to the JAG or OGC for the applicable vendor pay office. If the vendor pay office is at a DFAS Center, it will be processed there. For

all other vendor pay offices that do not have a collocated legal office, they also will forward the claim to the servicing DFAS Center. Claims that are filed directly with GAO by vendors are returned to one of the DFAS Centers for development and recommendation. The receiving DFAS Center will send a copy of the GAO decision to the applicable disbursing office. Address of the GAO is: General Accounting Office, G Claims Group, Payment Branch, Room 5047, GGD, Washington, DC 20547. If the vendor pay office cannot approve the claim and pay in full within the 6-year statute of limitations, the claim will be immediately forwarded to DFAS-IN for referral to GAO. GAO will record the claim and return it for further processing. For more information see DoDFMR Volume 5. Every claim against the United States that is forwarded to the Claims Division, GAO, as well as all correspondence relating to the claim, must contain the employer's identification number.

B. Claim Package. Each claim consists of the following documents:

1. The original, signed claim.
2. A copy of the procurement document.
3. Copies of all related correspondence between the claimant and the Army.
4. A signed statement by the vendor pay supervisor that-
 - a. Payment has not been made and will not be made except by certification in the name of the Comptroller General.
 - b. Partial settlement of dollar amount has been made and no further payment will be made except by certification in the name of the Comptroller General.
 - c. Funds have been reserved (citing the appropriation from which the payment will be made if approved by GAO) or that funds have not been reserved, as applicable.
5. A citation to all vouchers covering payments or collections, as applicable, made under the procurement document.
6. A signed administrative report prepared by the contracting officer. The report shows all facts concerning the claim known to the contracting officer.
7. Certified copies (true or Photostat) of the invoices or other billing documents.
8. Copies of receiving reports or other receiving documents. If these are not available, include a signed statement that the supplies or services were received.

9. SF 1034 (or other applicable voucher), in an original and six copies. The original copy is certified.

10. Any other documents that shed light on the case.

C. Process doubtful claims of \$100 or less that the serviced activity views as doubtful per paragraph 090212.B.

D. For voucher preparation for doubtful claims, the following applies:

1. Keep the voucher ready to process in case GAO finds in the claimant's favor. The following information must be on the SF 1034:

a. The claimant's name and current address.

b. The claimant's employer EIN or SSN.

c. Procurement document and voucher number and date.

d. Statement of the purpose of the payment. For example, "Payment of claim adjudicated by GAO."

e. An explanation of any difference between the amount claimed and the amount recommended for payment.

2. The contracting officer and vendor pay personnel each keep a copy of all documents.

E. A doubtful claim format consists of a submission in writing over the signature and address of the claimant or over the signature of the claimant's authorized agent or attorney. There is no prescribed form for filing a claim, a simple letter will do. However, the claim will reference the procurement document number and contain as simple a statement as possible about the claimant's reason for the claim and the amount he or she believes is due. The statements can be on an invoice.

F. When a doubtful claim is filed by an attorney or agent in behalf of the claimant, it must include a duly executed power of attorney or other documentary evidence of the person's right to act for the claimant.

G. For an administrative report of a doubtful claim, the contracting officer prepares an administrative report in letter form that serves as a transmittal letter. The report must contain the following:

1. Claimant's name, address, and EIN or SSN.

2. A statement of the claim and the facts out of which the claim arose.
3. A recommendation for the proper disposition of the claim and the reason for that recommendation. If approval is recommended, include a statement of whether the claimed amount is considered fair and reasonable.
4. A statement that adequate precautions have been taken to preclude duplicate payment if the claim is submitted on a copy of the invoice because the original is not obtainable.
5. A citation to pertinent supporting documents, such as procurement documents, vouchers, receiving reports, and so forth.
6. Complete accounting classification applicable to pay the claim or an explanation why an accounting classification is not included.

H. When submitting doubtful claims, forward claims with the administrative report and SF 1034 through the appropriate vendor pay office. Vendor pay personnel take the following actions:

1. Prepare the statement that the claim has not been nor will be paid unless certified for payment by the Comptroller General.
2. Prepare the list of vouchers covering payments made against the procurement document.
3. Cite the appropriation to be charged. See DoDFMR Volume 5 for claims for refund of proceeds of sales erroneously collected and deposited, and for refund of amounts collected and applied to a general, special, or trust fund receipt account.

I. If a doubtful claim is judged payable, GAO will certify the voucher either by using GAO Form 39 (Settlement Certificate) or by placing a certificate of allowance on the voucher submitted with the claim. GAO will keep one copy of the voucher and send the original and four copies to DFAS-IN. DFAS-IN will keep one copy and send the original and three copies to the vendor pay office servicing the installation where the claim arose. Vendor pay personnel will process the claim as soon as possible. The GAO certified voucher takes the place of GAO Form 39. Include these payments on the PPA report as total disbursements only.

J. Doubtful claims for transportation are processed by forwarding claims from commercial carriers for transportation services furnished and identified on GBLs or TRs, through the Director, DFAS-IN, ATTN: DFAS-IN/FTGB, 8899 East 56th Street, Indianapolis, IN 46249-0611, to GSA, Office of Transportation Audits, 18th and F Streets, Washington, DC 20405. Claims for transportation services under the jurisdiction of the U.S. Army Corps of Engineers (USACE), are sent to GSA through the Chief, Resource Management Office, ATTN: DAEN-RMF, Pulaski Building, Washington, DC 20314.

K. Doubtful claims involving offsets are processed as follows:

1. In all cases involving offsets, forward an extra copy of the voucher with the original claim whether the appropriation is current or lapsed.

2. When it is administratively recommended that a claim be allowed with a certain amount set off, the voucher will show, in addition to other necessary information, the amount recommended for offset and the complete accounting classification or fund to be credited. A statement showing the basis for the offset must be added. The statement must be detailed enough to give adequate explanation to the claimant.

3. When no amount is recommended for offset, omit the amount in question from the voucher and GAO will insert the amount after adjudication. In those instances when GAO has a record of an indebtedness unknown to the designated agency office, it will amend the voucher as necessary.

L. Forward vendor pay claims covering money erroneously received and subsequently deposited into the U.S. Treasury to the Director, DFAS-IN, ATTN: DFAS-IN/GL, 8899 East 56th Street, Indianapolis, IN 46249-0160. Photocopies or certified true copies of the collection vouchers must accompany the claim. When collection vouchers or copies cannot be furnished, send sufficient information to support the claim.

090903. Assignment of Claims or Vendor Transfer.

A. Conditions for Which Assignments or Transfers May be Made.

1. The term assignment of claims means that a vendor has transferred to a bank, trust company, or other financial institution, money due the individual for performance on a U.S. Government contract. Vendors usually make such an assignment as security for a loan from that financial institution. Payments made to financial institutions or to surety under assignments are included in the PPA if payments to the original vendor were included in the PPA. Payment due dates are the same as they were to the vendor. Interest is due on late payments. Report amounts disbursed on the PPA report as disbursements subject to PPA.

2. Per the Assignment of Claims Act, as amended (31 U.S.C. 3727 and 41 U.S.C. 15), a vendor may assign money due or to become due under a contract if all the following conditions are met:

a. The contract specifies payments aggregating \$1,000 or more.

b. The assignment is made to a bank, trust company, or other financial institution, including any Federal lending agency.

- c. The contract itself does not prohibit the assignment.
- d. Unless otherwise expressly allowed in the contract, the assignment--
 - (1) Covers all unpaid amounts payable under the contract.
 - (2) Is made to only one party, except that any assignment may be made to one party as agent or trustee for two or more parties participating in the financing of the contracts, and
 - (3) Is not subject to further assignment.
- e. The assignee sends written notices of assignment together with two copies of the assignment instrument to the--
 - (1) Contracting officer or the agency chief.
 - (2) Surety or any bond applicable to the contract.
 - (3) Vendor pay office designated in the contract to make payments.
- 3. Two assignments of the same procurement document may not exist because the second assignment would be null or void without release from the first assignment. After the first assignment is released and the original parties are notified, a second assignment may be made.
- 4. The performance of work under the contract may not be assigned.
- 5. When the dollar amount of the contract is increased, it is not necessary to execute an additional assignment.
- 6. An officer of the financial institution must sign the notice of assignment.
- 7. The date of assignment cannot be before the date of the procurement document.

B. Assignment of Claims.

- 1. Any assignment of claims, that has been made in accordance with the Assignment of Claims Act to any type of financial institution, may thereafter be further

assigned and reassigned to any such institution if the conditions in paragraphs 090903.A.1. through A.7. continue to be met.

2. A contract may prohibit the assignment of claims if the agency determines the prohibition to be in the U.S. Government's interest. The contracting officer must inform the financial institution that the contract forbids an assignment. Furnish a copy of the letter to the vendor pay office.

3. Under a requirements or indefinite quantity-type contract that authorizes multiple U.S. Government activities to order and pay, amounts due for individual orders for \$1,000 or more may be assigned.

4. Contracting officers may exclude a "no-offset" commitment when they determine it is in the U.S. Government's interest.

5. When an assigned contract does not include a no-offset commitment, the U.S. Government may apply any vendor liability to the U.S. Government to payments to the assignee. The vendor liability can be independent from the assigned contract if the liability existed at the time notice of the assignment was received. This is true even though that liability had not yet matured so as to be due and payable.

C. Extent of Assignee's Protection.

1. No payments that the U.S. Government makes to the assignee for any contract assigned per the Assignment of Claims Act may be recovered because the vendor has a liability to the U.S. Government. This assignee immunity is true whether the vendor's liability arises from or is independent of the assigned contract except when a no-offset commitment has been excluded.

2. Except as provided in 09093.C.3, including a no-offset commitment in an assigned contract entitles the assignee to receive contract payments free of reduction or offset for-

a. Any vendor liability to the U.S. Government arising independently of the contract, and

b. Any of the following contractor liabilities to the U.S. Government arising from the assigned contract.

(1) Re-negotiation under any statute or contract clause.

(2) Fines.

(3) Penalties, exclusive of amounts that may be collected or withheld from the vendor under, or for failure to comply with, the terms of the contract.

(4) Taxes or Social Security contributions.

(5) Withholding or nonwithholding of taxes or Social Security contributions.

3. In some circumstances, an offset may be appropriate even though the assigned contract includes a no-offset commitment. For example-

a. When the assignee has neither made a loan under the assignment nor made a commitment to do so.

b. When the amount due on the contract exceeds the amount of any loans made or expected to be made under a firm commitment for financing.

D. Procedures on Assignments.

1. Assignments by Corporations or Individuals. These assignments will be-

a. Executed by an authorized representative.

b. Attested by the secretary or the assistant secretary of the corporation.

c. Impressed with the corporate seal and accompanied by a certified copy of the resolution of the corporation's board of directors authorizing the signing representative to execute the assignment.

d. If the vendor is a partnership, the assignment may be signed by one partner if it is accompanied by an acknowledged certification that the signer is a general partner of the partnership.

e. If the vendor is an individual, the assignment must be signed by that individual and the signature acknowledged before a notary public or other person authorized to administer oaths.

2. Filing. The assignee must send to each party specified in paragraph 090903.A.1. an original and three copies of the notice of assignment together with one copy of the instrument of assignment. The true copy must be a certified duplicate or photocopy of the original assignment.

3. Format for Notice of Assignment. There is no prescribed format for a Notice of Assignment, as long as it contains the necessary information. The format used by most financial institutions is acceptable.

4. Examination by Contracting Officers. In examining and processing notices of assignment and before acknowledging their receipt, contracting officers assure that the following conditions and any additional conditions specified in procurement regulations have been met:

- a. The contract has been properly approved and executed.
- b. The contract is one under which claims may be assigned.
- c. The assignment covers only money due or to become due under the contract.

5. Release of Assignment. A release of assignment is required when-

- a. There has been a further assignment or re-assignment under the Act, or
- b. The vendor wishes to re-establish the right to receive further payments after the vendor's obligations to the assignee have been satisfied and a balance remains due under the contract.

6. Right to Receive Payment. In order to establish a right to receive payment from the U.S. Government, the assignee, under a further assignment or re-assignment, must file with the paying office identified in the contract --

- a. Written notice that the assigning financial institution has released the vendor.
- b. Copy of the release instrument.
- c. Copy of the further assignment or re-assignment instrument.

7. Release from Assignment of Claim. If the assignee releases the vendor from an assignment of claims, the vendor, in order to establish a right to receive payment of the balance due under the contract, must file a written notice of release together with a true copy of the release of assignment instrument with the paying office identified in the contract.

8. Receipt of Notice. The addressee of a notice of release of assignment or the official acting on behalf of that addressee must acknowledge receipt of the notice.

E. Interpretation of the Term "Financial Institution." A "company" regularly engaged in the financing business is not disqualified from accepting assignments under the Assignment of Claims Act as a financial institution solely because it consists of an individual or a partnership. A business concern that, merely as an incident to its principal business of acting as selling agent, advances money to pay for raw materials, labor, and so forth, is not a financial institution to which money due or to become due under a U.S. Government contract may be assigned under authority of the Assignment of Claims Act.

F. Distinction Between Money and Vendor Assignment. Assigning money due or to become due under U.S. Government procurement documents does not authorize assigning the contract itself. Therefore, it is the vendor's and not the assignee's responsibility to execute required certificates on vouchers, invoices, and so forth, establishing the right to payment. No assigned procurement document, or any interest in it, can be transferred by the party to whom such procurement document is given. Any such transfer causes the procurement document to be annulled, as far as the U.S. Government is concerned. All rights of action, however, for any breach of such contract by the contracting parties are reserved to the U.S. Government.

G. Data to Support Payment under Assignment of Claims. Under the notice of assignment, the vendor pay office must pay the financial institution instead of the vendor. The copy of the notice of assignment must be filed in the payment file for that procurement document and the file flagged in some distinctive manner so that the vendor is not paid.

1. When the original and three copies of the notice of assignment, acknowledged by the contracting officer, and the true copy of the instrument of assignment are received from the assignee, vendor pay personnel keep the original notice of assignment and the instrument of assignment and return three acknowledged copies of the notice of assignment to the assignee. As an alternate procedure, vendor pay personnel may return two acknowledged copies of the notice of assignment to the assignee and keep two acknowledged copies for distribution as outlined below.

2. After receiving the notices of assignment acknowledged by the contracting officer (and surety, if any), vendor pay personnel will add an acknowledgment and attach one copy of each of the notices to the first voucher submitted. The notice of assignment will become part of the supporting documentation for the original money account papers. See Chapter 2. Vendor pay personnel will retain one copy of each acknowledged notice of assignment.

H. Transactions Not Considered Assignments.

1. When a vendor's entire business is sold, the resultant transfer of a U.S. Government procurement document is not considered an assignment. The transferee may properly receive payment when he or she complies with the terms of the procurement document and a waiver from the original vendor is furnished.

2. A corporation merger or a change in the corporate name is not considered an assignment. A merger or name change does not annul existing procurement documents between the corporation and the U.S. Government; nor does it permit a change in the vendor's responsibility.

3. Rental payments may be made to a lessor's agent if there is evidence the agent is acting for him or her. Also, rent itself may be assigned even though the title to the property is not transferred.

4. Payments properly due may be made to the receiver or trustee.

5. Assumption of contract by surety.

a. When the vendor defaults and the surety (a person who assumes the responsibilities or obligations of another person) assumes the contract, certain payments may be made to the surety. If there are any aspects regarding conflicting claims, tax indebtedness, and so forth, treat the matter as a claim to GAO.

b. The following guidelines apply when paying the surety or vendor.

(1) The person who completes work, per a procurement document on which they have assumed surety, is a substitute for the original vendor's rights for the unpaid balance due from the U.S. Government on that contract. The surety is also a substitute for the U.S. Government's rights against the original vendor for any excess costs necessary to complete the work or to furnish materials and supplies. Therefore, the surety is entitled to be paid the cost of completing the work, not to exceed the contract price, but is not entitled to a profit.

(2) The vendor is entitled to be paid for work performed before the surety took over the contract if any funds are available on the contract after reimbursing the surety.

(3) The U.S. Government's total payment cannot exceed the contract price. It is common practice to require releases from the vendor and the surety on this fact.

(4) Any remaining balance is not paid into bankruptcy court but is paid to the assignee of a receiver when the court orders the receiver to accept the assignee's offer to complete the work in exchange for receiving all the payments and for keeping percentages due.

I. Letter Contract Assignments. When assignments of claims for letter contracts are made, notices (with copies of assignments) are given to contracting officers and the

vendor pay office. Later, definitive contracts superseding the letter contracts are signed and new assignments are made. Contracting officer and vendor pay personnel accept, receipt for, and honor the second assignment of the proceeds of a definitive contract superseding a letter contract. The two instruments of assignment are thereafter treated as if they were only one instrument and payments continue to the assignee.

J. Assignment of Claims on GBLs.

1. A SF 1103 (GBL) constitutes a procurement document to transport goods and, as such, is governed by the Assignment of Claims Act. Therefore, an assignment may be made for money due or to become due under a GBL for payments aggregating \$1,000 or more.

2. When a carrier has assigned all money due for freight on the outward voyage of a vessel to a financial institution and the GBLs representing numerous shipments on the vessel constitute the only contract for the transportation, the assignment may be recognized under the Assignment of Claims Act. Payment in the name of the assignee is authorized only to each GBL payment of \$1,000 or more. When the amount is less than \$1,000, make payment in the name of the transportation company and mail the check (or make payment via EFT) in care of the assignee.

3. When the quantity of hauling service that the U.S. Government estimates in a proposed contract with a carrier is less than \$1,000, but the U.S. Government has the right to order more or less than the estimated amount, the contract would not be one "providing for payments aggregating \$1,000 or more" within the meaning of the Assignment of Claims Act. Payments for the contract, therefore, cannot be assigned.

4. When payments for hauling services under a master contract with a particular carrier are assigned, per the Assignment of Claims Act, the bill of lading and voucher covering each individual hauling service will show that payments are to be made to the designated assignee. The master contract is also referenced.

5. When there is an assignment of money due for TRs, a request to transport persons is a contract and as such is governed by the Assignment of Claims Act. Therefore, money due or to become due under a contract providing for payments aggregating \$1,000 or more may be assigned.

090904. Vendor Claims.

A. Payments Due Deceased or Incompetent Creditors.

1. Deceased Creditors.

a. Settle claims for amounts due deceased U.S. Government creditors (except non-current depository check claims) locally per laws of the decedent's domicile when no doubt exists as to the-

(1) Claim amount or validity.

(2) Person or persons entitled to payment per the laws of the decedent's domicile. Approve such claims on SF 1055 (Claim Against the U.S. Government for Amounts Due in the Case of a Deceased Creditor).

b. These payments are not governed by the PPA. Schedule payments for release as soon as possible after the claim is approved by an authorizing individual. No interest is due on late payments. Report both the number and dollar amounts of these payments on the PPA report as total disbursements only.

c. Prepare payment for claims that cannot be paid locally on SF 1055 for direct GAO settlement. These claims include, among others, claims for amounts due deceased vendors (whether under terminated or continuing contracts) and other deceased public creditors for supplies furnished or services performed.

d. Payment for claims on SFs 1034 by U.S. Treasury check or other checks or other authorized U.S. Government depository. Make the check payable to the order of public creditors if it cannot be made to the claimant because of the payee's death. Submit noncurrent depository check claims to GAO for direct settlement. The checks, if available, will accompany the claims. Make copies of the checks for vendor pay records in case they are lost. These payments are due as soon as possible after GAO directs payment. No interest is due on late payments. Report these payments on the PPA report as total disbursements only. These payments can also be made via EFT.

e. If a guardian has been appointed for a minor who appears to be entitled to an unpaid amount, the claim must be supported by a court certificate showing the guardian's appointment and qualification. If no guardian has been or will be appointed, the initial claims must be supported by a statement showing-

(1) Claimant's relationship to the minor.

(2) The name and address of the person having care and custody of the minor.

(3) That any money received will be used for the minor's benefit.

(4) That a guardian will not be appointed.

2. Incompetent Creditors.

a. Settle claims for amounts due incompetent public creditors (except noncurrent depository check claims) locally when no doubt exists as to the-

(1) Claim's validity or amount.

(2) Person or persons properly entitled to payment.

b. No form is prescribed for guardians, committees, or estates of minors or incompetents to make claim for sums due from the U.S. Government. However, the guardian or committee must submit an application stating the minor's or incompetent's entitlement to sums from the U.S. Government, giving the name of the department and bureaus, establishment, or agency. Guardians or committee members must sign the application, include their address and a court certificate showing their appointment and qualification to serve as guardians or committee members. Applications for subsequent payments need not be accompanied by an additional court certificate but must be supported by a statement that the appointment is still in full force and effect.

c. If no guardian or committee of the estate has been or will be appointed, the initial claim must have a statement showing-

(1) The claimant's relationship to the incompetent.

(2) The name and address of the person having care and custody of the incompetent.

(3) That any amount paid to the claimant will be applied to the incompetent's benefit.

(4) That the appointment of a guardian or committee is not contemplated.

d. All U.S. Government checks not payable because the payee is incompetent must accompany the claim, but vendor pay personnel must keep copies of them in case they are lost.

3. Claims Submission. Forward these types of doubtful claim documents through channels to the Director, DFAS-IN, ATTN: DFAS-IN/G, Indianapolis, IN 46249-0160, to GAO for direct settlement. Include in the administrative report explained in paragraph 090902, a schedule or list of U.S. Government checks showing the appropriation or account to which the proceeds have been credited.

B. Contract Disputes Act Claims.

1. The Contract Disputes Act of 1978 (41 U.S.C. 601-613) establishes procedures and requirements for asserting and resolving claims by or against vendors arising under or relating to a contract subject to the Act. In addition, the act provides for:

- a. Interest to be paid on vendor claims.
- b. Vendors to certify claims which exceed \$50,000.
- c. A civil penalty for vendor claims that are fraudulent or based on a misrepresentation of fact.

2. The Contract Disputes Act applies to any express or implied contract covered by the FAR except procurement documents with:

- a. A foreign government or an agency of that government.
- b. An international organization or a subsidiary body of that organization.

3. Once a vendor files a claim, the contracting officer has 60 days to issue a final decision. If he or she wishes, the vendor then has 90 days from that date to appeal the decision to the Armed Services Board of Contract Appeals (ASBCA) or the vendor has 12 months to file an action directly in the U.S. Claims Court.

4. If the vendor appeals the contracting officer decision, the Contract Disputes Act authorizes agencies to require a vendor to continue contract performance, pending a final decision on an appeal. The contracting officer's decision must direct continued performance in his or her decision.

5. Interest is due on the amount the contracting officer determines is due on a claim filed by a vendor. Follow the directions of the contracting officer in his or her final decision. FAR 33.208 directs that interest is paid for the period that begins from the later of the date the contracting officer receives the claim or the date payment otherwise would be due; it continues through the date of payment. Do not report interest paid per the Contract Disputes Act on the PPA report as PPA interest because it is paid under a different statute. In addition, interest is not computed the same way as under PPA. Vendor pay personnel compute interest under the Contract Disputes Act as follows:

- a. Pay simple, not compound, interest. Compute the interest for each 6 months but do not add it to the basic amount when computing the next 6-month interest amount. Compute each 6-month period separately, then add the figures together, and add the resulting total to the basic amount.
- b. Use the actual PPA interest rate in effect for each 6-month period.

c. Do not pay interest per PPA for more than 1 year, but there is no time limit on interest paid per the Contract Disputes Act.

6. The PPA allows vendors 40 days after the date on a payment check to request any additional penalty they believe is due them on the payment (paragraph 090904.G.). If they do not make such a request in writing within the 40 days, they can later file a claim with the contracting officer per the Contract Disputes Act for the amount of interest they believe due. If the contracting officer determines in their favor, pay the amount prescribed by the contracting officer, unless believed to be so flagrantly erroneous that the payment would constitute an improper payment. If this is true, file a request for a decision from the Comptroller General. Report payments made at the direction of the contracting officer per the Contract Disputes Act on the PPA report as total disbursements only.

7. Pay the amount determined payable per the decision, less any portion already paid, as soon as possible after the contracting officer's final decision. The vendor does not have to submit any other document requesting the payment. Make the payment even if the vendor plans to appeal the contracting officer's decision.

C. Payment to Vendor when the ASBCA Sustains a Claim.

1. When the ASBCA determines on appeal that a vendor is due a certain amount of money, it will return the decision to the contracting officer who originally issued the disputed contract. The contracting officer then sends a written directive to the vendor pay office stating the amount to be paid. A copy of the ASBCA decision is attached to the directive.

2. The vendor pay office named in the disputed contract to make payments pays the claim from funds allotted to the original contract. If funds are not available in the proper account to cover payments directed by ASBCA, request additional funds through normal funding channels.

3. The ASBCA usually computes any interest due and states the amount in their decision. However, if there is a statement only (such as "Interest is due under the Contract Disputes Act" or something similar), vendor pay personnel will compute interest as outlined in paragraph 090904.B.

4. Include these payments on the PPA report as total disbursements only.

D. Payment to Vendors when a Court Rules in Favor of the Vendor. Court action may follow vendor termination by the U.S. or a court may sustain an appeal made by a vendor per the Contract Disputes Act. In either case, payment may be due the vendor if final judgment is against the U.S. When this happens, vendor pay personnel will forward a transcript of the court judgment directly to GAO, Washington, DC 20548. GAO settlement is required by

28 U.S.C. 2414 on final judgment by U.S. District Courts and by 28 U.S.C. 2517 on final judgment by the Court of Claims. GAO will pay these claims from Treasury general funds.

E. Claims.

1. Claims officials appointed per the authority of JAG are authorized to approve various kinds of claims. For claims paid locally, personnel in the claims section will prepare the payment voucher and specify on the voucher the correct fund cite to be charged.

2. A JAG or civilian attorney within the JAG or OGC will be appointed as an outside certifying official (see DoDFMR Volume 5). When the payment is certified by a certifying official in the claims office, the voucher and the supporting document which approves the claim is sent directly to the disbursing office. For vendor pay offices that use automated payment systems, a printed copy of the automated version of the claim (including pertinent payment data) will be used to support the disbursement. If an outside certifying official has not been appointed in the claims office, the claim payment documents are sent to the vendor pay office for review before disbursement.

3. The claims official who adjudicates the claim and determines the amount due cannot be the same individual who certifies the payment as a certifying official. In small legal offices, it may be necessary to appoint someone outside the legal office as the outside certifying official.

4. Claims personnel need not send the entire claim file with the payment voucher to the vendor pay office. Two copies of the document used to support payment of the claim will accompany the payment voucher.

5. These payments are not governed by the PPA. Pay them as soon as possible, normally within five days after they reach the serviced activity. Include on the PPA report as part of total disbursements only.

F. Vendor Claim for Additional Payment. When a vendor invoices for a higher amount on the grounds that a mistake was made in the contract price, pay only the amount specified in the contract. Refer the vendor to the contracting officer for a possible modification for any additional amount due. If the contracting officer issues a modification for the additional amount, determine the payment due date from the date the contracting officer signs the modification. The payment is governed by the PPA but interest is not due unless the new payment due date is exceeded. Include the payment on the PPA report as being subject to PPA.

G. Vendor Claim for OMB Penalty. Also refer to paragraph 090502.M.3.

1. The PPA Amendment of 1988 allows vendors to submit a claim to the vendor pay office for interest they believe was due but not paid on a payment made by that office. If the interest was due and not paid, then in addition to the interest payment, a penalty payment is due. This is called the OMB penalty.

2. Vendors must have been paid; they cannot submit a claim for interest on a future payment. They must submit the claim for the OMB penalty 10 days after payment, but not later than 40 days after the date of the payment. The postmark date is used to determine if the claim was submitted on time.

3. The claim for the OMB penalty must meet the following criteria:

a. A copy of the invoice on which the vendor claims PPA interest must be attached.

b. The vendor must state that interest was due on the payment.

c. The vendor must specifically ask for the OMB penalty.

4. Recompute the payment due date on the previously made payment. If the vendor is correct and PPA interest should have been paid, take the following actions:

a. Determine the interest amount which should have been added to the principal when the payment was made.

b. Compute interest on that amount from the day after the date of the original payment through the date the interest or OMB penalty payment will be made.

(1) Schedule the new payment as soon as possible.

(2) Use the PPA rate in effect for each 6-month period.

(3) Compound both the PPA interest and the OMB penalty every 30 days.

c. Double the interest dollar amount computed in paragraph 090904.G.4.b.(2) because the OMB penalty is 100 percent of the interest amount. However, there is a minimum OMB penalty of \$25. Consequently, if the interest amount is less than \$25, the OMB penalty will still be \$25. There is a maximum OMB penalty of \$5,000. Consequently, if the interest amount is more than the OMB maximum, only the maximum is added to the interest on the new interest or penalty check.

d. Prepare a notice giving the vendor details of these computations and send it with the payment.

5. If the recomputation shows that interest was not due on the original payment, prepare a letter to the vendor explaining why it is not due. Forward this explanation to the vendor 45 days or less after receiving the request.

090905. Bankruptcy.

A. The Bankruptcy Circular Letter. All OPLOCs/FAOs will receive a copy of The Army's Bankruptcy Circular Letter. The circular letter is issued on each business entity known to be in bankruptcy or insolvency and doing business with a DoD component. Vendor pay personnel must notify legal, procurement, and TOs of any bankruptcy or insolvency information.

B. Amounts Earned Prior to Bankruptcy or Insolvency. Voucher amounts due the debtor that were earned prior to the bankruptcy or insolvency date are available to be applied in set off for a U.S. Government debt. Certify the voucher for payment and forward to the Director, DFAS-IN, ATTN: DFAS-IN/GL, 8899 East 56th Street, Indianapolis, IN 46249-0160. Do not issue dual-payee U.S. Treasury checks, unless directed by DFAS-IN. Make no offset of any debt owed to the debtor that arose before the bankruptcy or insolvency date. However, do not withhold amounts earned before or after the bankruptcy or insolvency date from assignees per the Assignment of Claims Act of 1940, except as provided in the Act as amended, 31 U.S.C 3727 and 41 U.S.C. 15.

C. Payment for Amounts Earned On and After the Bankruptcy or Insolvency Date. In addition to payments made to assignees described in paragraph 090905.A, trustees, receivers, or debtors in possession may be entitled to amounts earned on and after the bankruptcy or insolvency date. Do not make offsets without DFAS-IN authority. In Federal bankruptcy cases, the payee may be the trustee or the debtor in possession. In insolvency cases, the payee may be the trustee, the assignee, the receiver, or some other proper designee. The vendor pay office will process vouchers representing amounts due. The vendor pay office will make the payment to the proper designee. (For example, (vendor's name), Debtor in Possession, is usually the proper designee in a Chapter 11 Reorganization Case under the Federal Bankruptcy Code. In other instances, the proper designee is usually the trustee, assignee, or receiver who should be cited by name as the trustee, assignee, or receiver for the estate of (vendor's name).

0910 ADVANCE PAYMENTS

091001. Additional Guidance. See DoDFMR, Volume 10.

091002. General Prohibition Against Advances. Public money cannot be advanced unless specifically authorized by an appropriation act or by other law. Without specific statutory authority, payments for goods or services cannot exceed the value of the goods or services accepted as of the payment date.

091003. When Advances Are Permitted. Advance payments can be made from DoD appropriations only for the goods or services listed in this section. Payments made per the laws of foreign countries or their ministerial regulations and payments for rent in such countries, if necessary under local custom, can also be paid in advance.

091004. Advance Payment for Publications.

A. Subscriptions or other charges for newspapers, publications issued as software, magazines, pamphlets, periodicals, books, prints, and other publications for official use may be made in advance. The total cost of the subscription is charged to the appropriation for the FY current at the time the subscription is ordered. Subscriptions may extend beyond the current FY, begin in a subsequent FY if procurement lead time is required, or extend for more than one FY.

B. Pay for publications from other U.S. Government agencies not included in pinpoint distribution in advance.

C. Because these are paid in advance, schedule them as soon as possible. They are not subject to PPA; interest is not due because there can be no "late" payment. Include these payments on the PPA report as total disbursements only.

091005. Rental of Post Office Boxes and Purchase of Foreign Postage. Advance payment for an annual post office box rental is authorized.

A. Under U.S. Postal Service regulations on renting post office boxes, a U.S. Government agency that rents a box prior to the beginning of the fiscal quarter is required to rent the box for not less than the full quarter and pay the full rental if the box is surrendered before the end of the rental period. Regardless of whether advance payment of post office box rental is made on a quarterly or an annual basis, no refund of any portion of the rental will be made when the box is surrendered before the end of the rental period.

B. When Postal Form (PF) 32 (Card Notice of Box Rent Due) is received, line through the space for the postmaster's signature and attach it to SF 1034 or SF 1080. Certify and pay the voucher as usual; make the EFT payment to be deposited in the Postmaster's account. These payments are not governed by PPA. Include them on the PPA report as part of total disbursements only.

091006. The Pay-As-You-Go Mail Program. Since October 1, 1989, the Army operates its official mail program on a "pay-as-you-go" basis and the penalty mail system is no longer used. This paragraph gives the procedures to pay the U.S. Postal Service (USPS) to replenish postal meters or to buy other forms of mail service. Two separate procedures are given; one, if the mail manager is on the same site as the servicing disbursing office; and two, if the mail manager is remote from the servicing disbursing office.

A. Use the following procedures when the mail manager is on the same site as the servicing disbursing office or is within easy commuting distance.

1. Installation mail managers or postal officers will prepare an appointment document listing one primary and two alternate individuals authorized to pick up checks and deliver them to the Post Office. This appointment document serves as the authorizing document. The mail manager must send it to the servicing vendor pay office, along

with a DD Form 577 (Signature Card) for each person appointed. The vendor pay office will forward the DD Forms 577 to the disbursing office. The appointment document and signature cards must be in the disbursing office before any check for postage is delivered to the individual who is to hand-carry it to the Post Office.

2. At least 3 work days before a check is to be picked up at the disbursing office, the mail manager or postal officer sends an original and three copies of a memorandum to the vendor pay office, stating the dollar amount of the postage to be purchased. One copy of the memorandum is sent to the accounting activity for obligation purposes. If the serviced activity does not have an automated system which automatically produces a payment voucher, the memorandum will be accompanied by a completed SF 1034 (original and three copies) for the same amount listed on the memorandum. Mail managers sign the approval block on the SF 1034 if they are not certifying officers; those who have been appointed as outside certifying officials sign the certifying block.

3. Vendor pay personnel prepare the SF 1034 if it has not been prepared by an outside certifying official and attach the memorandum to it before sending it to the disbursing office. This must be done in time to ensure that a check for the correct amount is ready on the requested date. Forward the original and all three copies of the memorandum and the original and all three copies of the SF 1034 to the disbursing office. These are arranged in sets marked as follows:

a. The original memorandum and SF 1034 for inclusion in original money account papers.

b. One copy of the memorandum and the SF 1034 for the retained files.

c. One copy of the memorandum and SF 1034 prominently marked "DO NOT MAIL; DELIVER TO THE CASHIER."

4. The check is made payable to: "POSTMASTER, U.S. POSTAL SERVICE." The disbursing office will deliver the check, along with the memorandum and the paid voucher, to a cashier on or before the date of pick-up.

5. One of the persons named in the appointment document will pick up the check from the cashier and sign the memorandum as having received the check. The cashier will require identification and will check the signature against the identification and the DD Form 577.

6. The authorized person will then take the check to the Post Office, buy the postage or replenish the meter, get a receipt from the postal clerk, and return the receipt to the cashier from whom he or she received the check. The cashier will staple the receipt to the memorandum and the paid voucher and return them to the vendor pay office.

B. Use the following procedures when mail managers are geographically separate from their servicing disbursing office.

1. Mail managers prepare a memorandum appointing one primary and two alternate persons allowed to take a check to their local Post Office. Establish strict internal controls so that only the three named individuals are ever allowed to hand-carry the check to the local Post Office. Retain the memorandum in the mail manager's file.

2. Mail managers will prepare a memorandum for their servicing vendor pay office, giving their own address as the mailing address for the check. They give their own activity or command as the account for whom they will purchase postage. This memorandum must be in their servicing vendor pay office before they ask for any checks.

3. Ten calendar days before mail managers will need the check, they prepare a memorandum (original plus three copies) to the servicing vendor pay office asking that a check be mailed to their own office address. Include a completed SF 1034 (original plus four copies). The amount requested in the memorandum must be the same as the amount cited on the SF 1034. Mail managers will sign the approval block of the SF 1034.

4. Vendor pay personnel will distribute the memorandum and SF 1034 as follows:

a. Original memorandum and SF 1034 for inclusion in original money account papers.

b. One copy of the memorandum and voucher for the retained files.

c. The check will be payable to: "POSTMASTER, U.S. POSTAL SERVICE." It cannot have an address on the check so "window" envelopes cannot be used.

d. Retain one copy of the voucher and memorandum in the vendor pay office.

5. When mail managers receive the check, they will give it to one of the three named individuals to take to the Post Office. The individual will sign for the check, take it to the Post Office, buy the postage or have the meter reset, and get a receipt from the Postal clerk.

6. Mail managers will make a copy of the receipt for their files. Mail manager's files must be available for audit.

C. Under both the above procedures, the vendor pay office will establish a file for each of the accounts for whom they provide checks to buy postage. In most cases, there

will be one mail manager per installation or tenant activity or remote location. Retain the signed memorandum (for checks which have been picked up), the Postal Service receipt and the paid SF 1034 in the folder. Keep these files by FY; they are retained for the current FY and the two previous FYs before retirement.

D. Outside certifying officials can be used to certify payment vouchers directly into the disbursing office, by-passing the vendor pay office. However, the vendor pay office must ensure that more than one individual is in the order-approve-certify process; the funds control officer for this program cannot also be the outside certifying official. Pre-scribed appointment, training, and auditing procedures must be in place before an outside certifying official can certify these payments. Under this procedure, the mail manager's office becomes the office-of-record for maintaining all supporting documents; the records must be available for audit. In some offices, using this procedure will cause their automated system to use an SF 1049 (Public Voucher for Refunds) as the payment voucher. Although the SF 1034 is the preferred payment voucher, the SF 1049 can be used.

E. USPS offers a service of allowing an organization to deposit funds into an account for future purchases. This avoids the necessity of giving the Post Office a check for each purchase. Since the USPS advance deposit account is not outside the Treasury, this procedure is authorized.

091007. Advance Payment to Develop or Establish Military Facilities. Buildings for assignment as public quarters at or near military installations can be leased under a current appropriation act. Advance payments can be made to establish or develop military facilities. For purposes of this paragraph, family housing leasing may be considered as developing or establishing a military facility. Accordingly, advance rental may properly be paid under leases made under authority of the current appropriation act. Include these payments on the PPA report as part of total disbursements only.

091008. Streetcar Tickets or Tokens, Toll Road Permits, and Toll Bridge Tickets. Also reference the JFTR U4520, "Special Conveyances". Reimbursement is allowed for necessary miscellaneous expenses incurred in the conduct of official business. Those expenses include the ones mentioned in this paragraph but are not limited to them. Streetcar tickets or tokens, annual permits for toll roads, and toll bridge tickets can be paid in advance. Necessary safeguards must be established to ensure they are for official purposes only. These payments can be certified by outside certifying officials; if so, that office becomes the office-of-record. Supporting documents must be available for audit. Include these payments on the PPA report as part of total disbursements only.

091009. Payment for Public Refuse Disposal Facility Tickets. Refuse disposal tickets for use at public refuse disposal facilities can be purchased in advance. Ensure that these items are for official purposes only. Outside certifying officials can be appointed for these payments; if so, that office becomes the office-of-record and must maintain supporting documents for audits. Include these payments on the PPA report as part of total disbursements only.

091010. Payments to State and Local Governments. Advance payments may generally be made to state or local governments per 39 Comp Gen 285 (1959), 25 Comp Gen 834 (1946), 58 Comp Gen 29 (1978), and 57 Comp Gen 39 (1978)). Include these advance payments on the PPA report as part of total disbursements only. However, if a state or local government acts in the capacity of contractor, that is, does work on a procurement document issued by a federal contracting officer for work that might have been done by a private business concern payments are then subject to PPA. These become 30-day payments unless the procurement document directs a different payment schedule. Interest is due on late payments. In this case, the payments would be reported on the PPA report as being subject to PPA.

091011. Tuition.

A. Tuition payments may be made to civilian educational institutions when the student enrolls, or at the time provided by the rules of the institution for its students. Enrollments in correspondence courses may also be paid in advance.

B. Advance payments are also authorized to U.S. or foreign training organizations, including military exercises. Include these payments on the PPA report as part of total disbursements only. See the Desk Reference Guide at Appendix F for payment procedures.

091012. Purchase of Copyrights or License to Use Patent for Its Life. An advance payment can be made for a license to use as a patent for the purchase of copyright. The subject matter of the purchase must be within the authorization of the current FY appropriation (22 Comp Gen 904 (1943)). In addition, see the DoDFMR, Volume 10, paragraph 120208. Include these payments on the PPA report as part of total disbursements only.

091013. Utility Connection Charge. Payment of a public utility connection or reconnection charge is not an advance payment. The government receives full consideration upon payment for making available services not otherwise available. Connection or reconnection charges are later reimbursable by a specified monthly refund on the invoice for utility services. Include these payments on the PPA report as part of total disbursements only.

091014. Petition Fees. When a petition is made for immigrant status for a person whose services are required, the fee must accompany the petition. In this case the fee is payable in advance. Use SF 1156 (Public Voucher for Fees and Mileage of Witnesses) to pay advance petition fees. Include these payments on the PPA report as part of total disbursements only.

091015. Professional Societies. Memberships in professional societies or associations acquired in the name of the DoD Component may be paid in advance. The purpose of the membership must be to acquire services required for that component, not an individual. The head of the Component or designee makes the determination. The use of appropriated funds is prohibited for the individual benefit of any officer or employee of DoD (see 5 U.S.C. 5946; 31 Comp Gen 398 (1952); 32 Comp Gen 15 (1952); 24 Comp Gen 814 (1945); and 33 Comp Gen 126 (1953)). Include these payments on the PPA report as part of total disbursements only.

091016. Attendance at Meetings.

A. Payment of registration fees prior to attendance at meetings of technical, scientific, professional, or similar organizations may be made. Only those expenses necessary to accomplish the purpose of the attendance may be authorized or approved for reimbursement. See JFTR, Volume 1, and JTR, Volume 2. After accepting the payment, the organization is obliged to reserve a space and comply with the contract. Schedule the payment to reach the organization before the date of the meeting. If an individual does not know a registration fee is required until arriving at the meeting, individuals may pay the fee from personal funds and then request reimbursement. Reimburse the individual through the travel office as soon as possible after they present the receipt, canceled check, or charge card slip through his or her commander or supervisor to the vendor pay office. Include these payments on the PPA report as part of total disbursements only.

B. If the payment is nonrefundable and the individual fails to attend for reasons beyond the individual's control, do not collect from the individual. However, collect if failure to attend is caused by an action not excused by the individual's supervisor.

091017. Miscellaneous Fees. Payment may be made for many items required by the U.S. Government for which contract documents are not prepared. Included in but not limited to this category are passport fees, drivers license fees, reconnection fees, and so forth. Pay for these fees by using SF 1034 which will include a copy of the U.S. Government order requiring these services and a paid receipt from the vendor.

0911 PROGRESS AND ADVANCE PAYMENTS UNDER CONTRACT FINANCING**091101. Policies.**

A. The term "contract financing" means the U.S. Government assists vendors by providing working capital to finance contracts for large amounts or on those that extend over a long period. The statutory authority for making progress and advance payments under contract financing is 10 U.S.C. 2307, 41 U.S.C. 255, and 50 U.S.C. 2091. Policies and procedures governing progress and advance payments are in the FAR and the DFARS, Part 32, and the DoDFMR, Volume 10, Chapter 10. If there is any conflict here with FAR or DFARS, those provisions will govern. Reporting procedures for progress and advance payments are in the DoDFMR, Volume 6. In order to keep funds held outside Treasury to a minimum, the amount of advance payments must be held to the absolute minimum necessary for contract performance. Contract financing includes-

1. Payment methods.
2. Loan guarantees.
3. Administration of debts to the U.S. Government from contracts.
4. Contract funding.

B. Advance payments are money advances from the U.S. Government to a prime vendor before, in anticipation of, and for the purpose of complete performance under one or more contracts. Since they are not measured by performance, they differ from partial, progress, or other payments based on the performance or partial performance of a contract. Advance payments may be made to prime vendors to make sub-advances to sub-vendors. Make advance payments as soon as possible after a proper certification by the contracting officer reaches the vendor pay office.

C. Progress payments are payments based either on the costs incurred by the vendor as work progresses or based on a percentage or stage of contract completion. Progress payments on construction or architect-engineer contracts are due 14 days after the payment request reaches the vendor pay office.

1. Interest is due on a period of more than 14 days after receipt of the payment request by the paying office; or
2. A longer period specified in the solicitation and/or contract if required, to afford the Government a practicable opportunity to adequately inspect the work and to determine the adequacy of the vendor's performance under the contract; or
3. Any amounts that the agency has retained pursuant to a prime contract clause providing for retaining a percentage of progress payments otherwise due to a

vendor and that are approved for release to the vendor, if such retained amounts are not paid to the vendor by a date specified in the contract, or, in the absence of such a specified date, by the 30th day after final acceptance; and

4. Final payments, based on completion and acceptance of all work (including any retained amounts), and payments for partial performances that have been accepted by the agency, if such payments are made after the later of (1) the 30th day after the date on which the designated agency office receives a proper invoice; or (2) the 30th day after agency acceptance of the completed work or services. Acceptance shall be deemed to have occurred on the effective date of contract settlement on a final invoice where the payment amount is subject to contract settlement actions.

5. For the purpose of computing interest penalties, acceptance shall be deemed to have occurred on the seventh day after work or services have been completed in accordance with the terms of the contract.

6. Include progress payments on the PPA report as subject to PPA. However, progress payments on other types of financed contracts are not governed by the PPA; make these payments 7 to 30 days after approval by the contracting officer. Include these payments on the PPA report as part of total disbursements only.

7. DFAS-HQ memo dated September 8, 1998, Subject: Progress Payment Distribution, reiterates established policy for progress payment distribution directed by the Under Secretary of Defense (Comptroller) in memorandum dated August 7, 1998. This policy mandates that the department distributes progress payments on all new contracts, other than firm fixed priced contracts, on the basis of the best estimates of the specific work being performed under the contract. Paying offices must be provided appropriate progress payment distribution instructions for financing payment distribution requests that are applicable to all new contracts, other than firm fixed price contracts, issued on or after August 31, 1998. The contracting officer or contract administration offices must provide the paying office with the distribution data of each progress payment at the accounting classification reference number (ACRN) level. If the detailed distribution has not been provided, the paying office should contact the administering contracting officer.

091102. Requests for Approval. Submit requests for advance payments and unusual progress payments per the FAR, Part 32, through the chief of the procuring activity to Department of the Army, OASA(FO), ATTN: SAFM-FO, RM 3E575, Pentagon, Washington, DC, 20310-0109. Cash flow forecasts and analyses must be included with applications for advance payments.

091103. Advance Payment Pool Agreements. An advance payment pool agreement is a method of financing more than one contract under a single advance payment agreement. For details concerning advance payment pool agreements, see the FAR, Part 32.

091104. Clearance by the Contract Financing Office. Submit requests for the following types of progress payments through the chief of the procuring activity to Department of the Army, OASA(FO), ATTN: SAFM-FO, RM 3E575, Pentagon, Washington, DC, 20310-0109, for prior approval.

A. Those involving progress payments at rates exceeding those authorized by the FAR.

B. Those involving deviations as defined in the FAR.

C. Exceptional cases involving unusual risks as described in the FAR.

D. Those involving contractors of whom it is known that within the preceding 12 months-

1. Were denied a request for advance payments by the contract financing office for financial reasons.

2. Were denied an application for guarantee of a loan or for increase or extension of maturity of a guaranteed loan, for financial reasons.

3. Had an approved application for guarantee of a loan or for advance payment to the vendor lapsed or withdrawn.

E. Those involving vendors named on the consolidated list of vendors indebted to the U.S. (hold-up list).

091105. Audit Prior to Payment.

A. To conserve administrative effort and promote prompt payment of proper progress billings, keep audits before making progress payments to the minimum necessary to protect the U.S. Government's interest. Pre-audit only when there is reason to believe the contract will involve a loss or there is reason to question the reliability or accuracy of the vendor's certificate. Payments can be made after Defense Contracting Audit Agency (DCAA) stamps and signs an approval statement on those requests submitted to the DCAA for pre-payment approval. The contracting officer can perform pricing or costing analysis necessary after the payment offset. Adjustments directed by the contracting officer are based on the analysis of future payments.

B. The contracting officer may make a post audit to determine the validity of any progress payment made on the vendor's certifications. If pre-payment audits delay payment for construction or architect-engineer contracts and interest is due the vendor, the interest is charged back to the contracting office if the payment request reaches the vendor pay office later than COB on the 7th day after the vendor submits the request. However, chargebacks of interest penalties are not authorized to DCAA.

091106. Contract Debt Collection. The contracting officer has primary responsibility for determining and collecting a contract debt. The vendor pay and accounting offices have responsibility for collection when erroneous payments or overpayments have been made to the vendor. The vendor pay office also has primary responsibility when the amounts due and payment dates are fixed by the contract, and a copy of the contract has been furnished the vendor pay office with notice to collect as amounts become due. For detailed collection procedures of contract debts, see the FAR and Chapter 17 of this regulation.

0912 SECRET AND CONFIDENTIAL VOUCHERS

091201. Payment From Representation and Contingencies Funds. Funding documents provide authority to obligate and spend contingency funds as approved or as adjusted later during the FY. Unless otherwise specifically authorized by the Secretary of the Army (SA) or designee, commanders can spend representation funds only for official entertainment or for other official purposes. The commander or designee must specifically approve all contingency fund expenditures for official representation before the event. It must be a formal approval and, at a minimum, state the purpose, number of guests, and estimated cost. The commander or designee approves or certifies the payments, made on SF 1034. As an alternative, the commander or designee may submit a properly certified statement with supporting documents to the vendor pay office, and vendor pay personnel prepare and certify the SF 1034. Keep supporting documents (invoices, event approval, and so forth) in the retained accounts.

091202. Vouchers and Supporting Documents Not Requiring Secretary of the Army (SA) Approval.

A. General. Prepare secret and confidential expenditures which do not require SA approval on regular vouchers and mark them "SECRET" or "CONFIDENTIAL"; then prepare a dummy voucher per paragraphs 091203 and 091204. Process vouchers that need SA approval per paragraphs 091206 and 091207 using DD Form 281 (Voucher for Emergency or Extraordinary Expense Expenditures). Use the DD Form 281 only for a payment requiring SA approval.

B. Control. Only finance and accounting officers/defense accounting officers (or equivalent), one of their commissioned assistants, or duly investigated and cleared personnel see classified vouchers and their supporting documents. Prepare classified vouchers covering proposed payments using the least number of duly investigated and cleared personnel as conditions permit. Prepare classified vouchers in duplicate, with supporting papers, and secure both copies in GSA approved Class VI security containers with built-in, three-position, changeable, dial-type combination lock. Only finance and accounting officers/defense accounting officers (or equivalent), commissioned assistants, or duly investigated and cleared persons can have access to the vouchers or the security container(s) until distribution is made. Conspicuously mark both copies of classified vouchers top and bottom, on all pages with the highest classification filed in the packet. In cases where the last page is unclassified, add an additional marking "Regarded unclassified when separated from classified document" near the

center of the page. Mark the first page of the packet and the first page of any classified supporting documents with a "Classification derived from" and a "Declassify on" marking.

C. Classification Removal. When finance and accounting officers/defense accounting officers (or equivalent) receive classified vouchers or supporting papers that have been classified as SECRET or CONFIDENTIAL and it is apparent that the need for such classification no longer exists, they will query the originator of the original classification or higher authority to determine if original documents may be declassified so that these vouchers may be processed in the usual manner. If approval to declassify is received after the classified vouchers leave the paying office, forward a copy of the declassification authority to Commander, U.S. Army Finance Command (USAFINCOM), ATTN: SFFM-FC-SR, 8899 E. 56th Street, Indianapolis, IN 46249-3000.

091203. Dummy Vouchers For Expenditures Not Requiring SA Approval.

A. Finance and accounting officers/defense accounting officers (or equivalent), commissioned assistants, or investigated and cleared personnel prepare dummy vouchers for all secret or confidential expenditures not requiring SA approval. Under no circumstances will one dummy voucher be used for multiple classified vouchers. Use these dummy vouchers for accounting and reporting purposes instead of using the official classified vouchers. The dummy vouchers will cite-

1. Disbursement voucher number.
2. Finance and accounting officer's/defense accounting officer's (or equivalent) name.
3. Disbursing Station Symbol Number (DSSN).
4. Address of the station (except when the address is classified).
5. Month in which paid.
6. Contract number (or travel order number).
7. Amount paid, whether by check or cash.
8. Appropriation, allotment, project, and element of expense.
9. FSN.

B. Include a notation that the original, classified voucher was mailed directly to the Commander, USAFINCOM, ATTN: SFFM-FC-SR, 8899 E. 56th Street, Indianapolis, IN 46249-3000, on (date). Prepare the dummy voucher in an original and three copies.

1. Send the original and one copy of the dummy voucher to USAFINCOM, instead of the classified voucher.

2. File one copy in the accounting office's retained accounts.

3. Use one copy for fiscal accounting purposes.

091204. Disposition of Classified Vouchers and Supporting Papers. Send the original classified vouchers directly to the Commander, USAFINCOM, ATTN: SFFM-FC-SR (B30D), 8899 E. 56th Street, Indianapolis, IN 46249-3000. Attach one copy of the dummy voucher to the original classified vouchers and supporting papers. Use DA Form 3964 (Classified Document Receipt) as the transmittal document. Package in a double cover. Forward an original and one copy of the DA Form 3964, with each document identified by voucher number. Do not list personal information on the DA Form 3964. Place DA Forms 3964 face down on the voucher packets inside the first cover. Keep one of the duplicate DA Form 3964 until the original, signed by a USAFINCOM representative, is returned to you. Maintain the DA Form 3964 which shows receipt of classified vouchers. Process appointments of persons designated as couriers or escorts to hand carry classified vouchers to DFAS-IN. Keep duplicate secret or confidential vouchers in a approved type safe. When it is apparent that the need for classification is no longer required, or where a notice of declassification is received from an originating authority, take the same actions given in paragraph 091202.C. Questions concerning this paragraph should be addressed to the USAFINCOM Special Review Office at 317-510-2998/2833. DSN prefix is 699.

091205. Civilian Employees Traveling Per Secret Or Confidential Orders. See JTR, Volume 2, Section 5.

091206. SA Approval. The procedures in this paragraph do not apply to OMA Limitation .0017 (Intelligence Contingency Funds. Pay emergency and extraordinary expenses, the details of which cannot be disclosed without jeopardizing the mission or without being prejudicial to the public interest, from contingency funds made available to the SA in annual appropriation acts under OMA (AR 37-47, Contingency Funds of the Secretary of the Army). The SA must authorize all expenditures for emergency and extraordinary expenses. DA agencies who control these funds will recommend to the SA approval of their expenditures. Do not charge expenditures to these funds if other DA funds are available.

091207. Payment Vouchers for Funds Requiring SA Approval.

A. Forms. Use DD Form 281 only to pay emergency and extraordinary expenses which require specific approval by the SA.

B. Preparation and Distribution. Prepare the voucher as indicated below and distribute it on an as-required basis (the original is prepared on DD Form 281 (Voucher for Emergency or Extraordinary Expense Expenditures) and the remaining copies on DD Form 281a). The voucher form is carbon interleaved; however, reproduce extra copies locally to meet

distribution requirements. In cases involving payments made by class A or B agent officers, an additional copy of DD Form 281a may be required. Minimum distribution is to send the originals to USAFINCOM. Distribute dummy vouchers as follows:

1. Original and one copy to USAFINCOM.
2. Retain a copy in the vendor pay office.
3. One return copy to funded activity.

C. Information To Be Shown On Form. In order to preserve secrecy, charge all expenditures paid on DD Form 281 that require SA approval to elements of resource in the 2500 series. With exception of the accounting classification, show no details or explanation of expenditures on either the front or reverse of DD Form 281.

D. Supporting Papers. All receipts, certificates, or other documents to substantiate and fully explain the expenditure must accompany all copies of the voucher to the certifying and approving officer. The approving officer will examine the voucher and all attachments and may amplify or explain further. The certifying and approving officer then certifies the correctness, payment propriety, and fund availability on the line provided on the voucher. The certifying and approving officer keeps one copy of the voucher and sends the original and three copies (without any supporting data except the certificate prescribed below) to the vendor pay office. Except when an agency has given the certifying and approving officer specific authorization to hold the supporting papers, forward all supporting documents to the appropriate DA agency, attached to the agency's copy of the voucher. Attach two photocopies of the annual ASA(FM&C) letter referred to in AR 37-47 to the initial voucher for each FY. Subsequent vouchers citing these funds will refer to the first voucher that had the photocopies attached, as follows:

"Authority for expenditure of contingency funds under Operation and Maintenance, U.S. Army FY (year) filed with voucher number), accounts of (finance and accounting officer's/defense accounting officer's rank and name), symbol (DSSN)."

E. Certification. The individual receiving the funds must certify and approve the vouchers. Use DD Form 577 or other designation document for this purpose. This card is signed by the officer authorized to certify vouchers and must show DD Form 281 as the class of vouchers to be certified by the allottee of the funds concerned. An officer so designated attaches an original DD Form 577, or other designation document, to the original copy of the first voucher approved. To revoke a certifying officer's approval authority, the fund receiver must send revocation notice to the proper DA agency. Ordinarily, the certifying and approving officer will not be the payee. However, Defense (or the Army) attaches or acting attaches may certify and approve all DD Forms 281 citing intelligence contingency funds, including those on which they are the payee. The certifying and approving officer or attaché must attach to DD Forms 281a (memorandum copies) a certificate reading as follows:

"I certify that the expenditures shown on this voucher were necessary for emergency or extraordinary expense purposes, that the funds charged are applicable, and that funds are available."

The FAO/DAO will accept these certified and approved vouchers.

F. Voucher Classification. Voucher copies will bear the same security classification as the most highly classified sub-vouchers. However, place a notation on each copy of the voucher to reduce the classification to "FOR OFFICIAL USE ONLY," when detached from sub-vouchers having a higher classification.

091208. Fund Advances to Investigative and Similar Type Personnel.

A. General. Under normal circumstances, fund advances to individuals to defray expenses for classified activities are not desirable. Such expenses will be paid from personal funds and the individual reimbursed on a periodic basis. However, commanding officers may advance funds with the approval of certifying and approving officers if the contemplated expenses, including travel costs, place undue hardship on the individual's personal funds. Carefully consider requests for fund advances to be sure they will be used only for the classified activity for which approved. Normally do not make fund advances for more than 30 days unless specifically authorized by the Assistant Chief of Staff for Intelligence, or the Commander, U.S. Army Criminal Investigation Command.

B. Requests for Fund Advances. Authorized individuals will initiate requests on DA Form 3697 (Sub-voucher for Reimbursement from Confidential Funds). This form is prepared in duplicate and contains this statement (Note: After approval, process the DD Form 281 as usual.):

"Advance of funds to cover anticipated expenditures from (date) to (date)."

C. Settlement of Advances.

1. Normal Settlement Procedures. Advances made per Chapter 11 must have a statement attached to the retained voucher copy or an approval by the certifying and approving officer stating the general purposes for which the funds were used. Use DA Form 3697 for this purpose. The certifying and approving officer who approves the fund advance must have as many details as possible (without jeopardizing the mission) to show how the funds were spent. Attach these details to the retained voucher copy to be available for audit. The vendor pay office processes return of unexpended balances as a collection to an appropriation refund or credit to 21R3099, Miscellaneous Recoveries and Refunds Not Otherwise Classified. The vendor pay office sends a copy of the collection voucher to the certifying and approving officer who approved the fund advance.

2. Procedure at End of Fiscal Year. The using agency will determine the total amount of outstanding cash advances at the close of business on the last day of the FY.

They will return that amount to the vendor pay office on a collection voucher as an appropriation refund. This return will be made not later than 20 days after receiving authority to spend the new FY funds.

091209. Destruction of Supporting Documents. In instances when keeping expenditure details will jeopardize missions, be prejudicial to the public interest, or be in danger of falling into enemy hands, destroy them after a disinterested officer appointed by the receiver of the funds or designee examines them. The officer or designee will prepare a statement that the destruction was necessary. Substitute this statement for the detailed accounts destroyed.

0913 TAXES

091301. Filing Informational Tax Returns (TD Forms 1099-Misc).

A. At the end of each calendar year, all offices who make vendor payments are required to report to IRS, payments of \$600 or more made to any person or service contractor, regardless of corporate status (5 CFR 1315.8). These payments are for services, (not supplies) provided by contractors or individuals regardless of corporate status. Recipients must be provided the forms by January 31, following the year of payment. The entire value of a service contract which may include some supplies is used to determine the \$600 or more reporting threshold. Reporting is at contract level not the line item level. All other payment amounts (interest/additional interest) must be added to other income paid to applicable vendors when determining if the \$600 limit has been exceeded. Royalties of \$10 or more must also be reported (26 U.S.C. 6041 and FAR 52.204.3). Non DFAS Offices who are making vendor payments for the DFAS-IN network are required to follow these procedures as well. The filing date for reporting to IRS for any calendar year is on or before February 28 of the following calendar year.

B. All sites and activities in the DFAS network have been tasked in DFAS-HQ directive, to utilize the DFAS-DE contractor (Output Technology Solutions) for printing and mailing to vendors all IRS Forms 1099-MISC.

C. All CAPS sites in the DFAS-IN community are required to utilize the Denver contractor for printing of their required IRS Forms 1099-MISC. These CAPS sites, regardless of the number of IRS Forms 1099-MISC needed, will generate and send the CAPS IRS magnetic media file, via diskette(s) to the Denver contractor and the IRS as well. All file submissions to the IRS must be accompanied by the IRS Form 4804, 'Transmittal of Information Returns Reported Magnetically'.

D. At the end of each tax year Vendor Pay Procedures will publish policy guidance providing instructions and mandatory dates to process files to DFAS-DE for printing of the IRS Forms 1099-MISC. It is the site's responsibility to ensure the accuracy of the vendor's tax data provided to the IRS and the Denver contractor for printing on the IRS Forms 1099-MISC. A detailed Quality Assurance (QA) Plan has been developed for both versions of CAPS. You are required to implement and follow the procedures of this plan to ensure tax data is valid

and processed appropriately. The QA Plan has been provided to Operating Locations, National Guards and Reserve office. You may contact the Vendor Pay Procedures Office to obtain the QA Plan if needed.

E. Reissue of IRS Forms 1099-MISC are the sole responsibility of the individual sites, not the Denver contractor. The site may use Delrina or Jet Form Flow, or pre-printed IRS Forms 1099-MISC for reissues.

F. Rejects from Vendors must be handled manually by each site. Sites are responsible for resolving the discrepancies and generating the corrected IRS Forms 1099-MISC. Ensure the corrected form containing corrections is marked "Corrected" by placing an X in the appropriate box.

G. Payments which require a TD Form 1099 include but are not limited to:

1. Contractors, construction, chemical disposal service, dry cleaner/Laundromat service.
2. Training, lecturers, seminars, tuition public and private, honorarium payments.
3. Porta potty rental, maintenance agreements, contract hotel rooms, trash pick-up, (excluding freight), laundry service, dry-cleaners, repair of vehicles,
4. Childcare, rent to individuals.
5. TD Forms 1099-MISC for the underlying merchant for purchases made by Government purchase card will be processed between the bank and DFAS-HQ. HQ's will also process those for purchases made with convenience checks. However the check issuing activity must provide the needed data..
6. Architect engineer or environmental services, advertising, packaging services,
7. Medical payments, dentists, doctors, therapists, ambulance services, hospitals, clinics, nursing homes, x-rays, health care services etc.
8. Interest and additional payments.
9. HQ's will process TD Forms 1099-MISC for Centrally Billed Accounts/airline purchases.

H. For payments for which no return of information is required, Section 1.6041-3 of the Income Tax Regulations contains the following exclusions from filing requirements:

1. Contracts identified in I.R.C. Sec 6050M (e) (2) which are certain classified and confidential contracts.
2. Tax exempt organizations identified on the contract, grants, and foreign vendor payments.
3. Payments of bills for supplies, telegrams, telephone, freight, storage, pagers.
4. Rent paid to real estate agents (but report rent to other non-incorporated individuals).
5. Payments subject to TD W-2, Wage and Tax statement, withholding procedures.
6. Payments of persons in the military or civil services of the U.S. Government as an allowance or reimbursement for traveling or associated expenses. Payments for tuition reimbursement to soldiers or civilians, uniform allowance payments and ROTC scholarships.
7. Payments made as an award to an informer or similar payments.
8. FedEx, UPS, American Express, dues, utilities.
9. Payments to Government Agencies.

I. For a complete list of exclusions, see Section 1.6041-3, Income Tax Regulations. Direct questions on whether other payments are excluded to IRS through Vendor Pay Procedures, DFAS-IN.

J. DoD requires that a TIN be provided and placed on payment vouchers for ALL vendor payments except for foreign vendors and government agencies when submitting a payment to Central Disbursing. This requirement stems from the Debt Collection Improvement Act of 1996. Payment will not be made if a TIN has not been provided. Foreign vendors will have the word FOREIGN in the TIN field and government agencies will have the word GOVT (one space) Agency in the TIN field. If a TIN has not been provided to the paying location, check the CEFT database. as it holds both the TIN and EFT data. Make a reasonable effort to obtain the TIN. If the vendor/individual is not in the CEFT database, and will not provide the TIN data, return the invoice without payment. This will stop the PPA clock. The invoice must be returned within the seven day PPA rules as invalid, for failure to provide information as required. This applies to ALL vendor payments except for foreign vendors and payments to Government Agencies. A social security number may be used as the TIN.

K. The CAPS entitlement system will not allow a payment to pass to the Disbursing system without a TIN. Direct input into a disbursing system bypassing an entitlement system is not allowed.

L. For the Purchase Card the card issuing bank's TIN will be used and not the TIN of the underlying merchant listed on the purchase card invoice.

M. IRS computers sometimes send a form letter stating the office is being fined for some infraction of the IRS Code. IRS cannot fine another U.S. Government agency, but their computers are not programmed to differentiate between U.S. Government agencies and private businesses. If one of these letters is received, vendor pay personnel will prepare a letter back to the IRS address explaining the office is another Federal agency and not subject to such fines. Forward the letter through the installation JAG office.

N. The DFAS-IN network and their customers are reminded not to call the IRS regarding tax questions. All questions will be submitted through the Vendor Pay Procedures Office at DFAS-IN via telephone call or Email. If further information is required from the IRS, the Procedures Office will contact the DFAS-HQ POC who will coordinate with the IRS and provide an answer.

O Each office who submits IRS TD Forms 1099-MISC is required to prepare and submit the following activity report to DFAS-IN Vendor Pay Procedures Office by February 1st following the tax reporting year.

1. Format

a. Reporting activity (OPLOC, USPFO). Non DFAS offices making vendor payments will send their report to their servicing OPLOC for consolidation into the OPLOC report.

b. Number of 1099's issued tax year, 20**

c. Number of 1099's issued by 1/31/**

d. Number of 1099's issued after 1/31/**

e. Dollar value of 1099's issued by 1/31/**

f. Dollar value of 1099's issued after 1/31/**

g. Reason for not meeting 1/31/** deadline.

h. Number of 1099's processed without TINS

i. Why payment was made without a TIN

withheld for IRS purposes. j. Number of payments made where 31% was

administrative information: 2. Administrative Information. Provide the following

- a. Activity.
- b. Complete mailing address.
- c. Email or internet address.
- d. Point of contact (primary and alternate).
- e. Name and phone number of individual responsible for submitting this information.
- f. Name and phone number of vendor pay supervisor.
- g. Negative reports are required

091304. Federal Excise Tax (FET) on Fuels.

A. The purpose of FET on fuels is to support the highway system. The policy is quite simple; however, the procedures to implement this policy get quite cumbersome. All fuel used off-highways is tax exempt, including fuel of any kind used in boats and ships or other non-highway use on a U.S. Government facility. All active Army and U.S. Army Reserve (USAR) purchases for on-highway use will include FET; all Army National Guard (ARNG) purchases are tax exempt. Maintain accurate records on the use of fuels by active Army and USAR units, whether the fuel is purchased locally or from the Defense Fuel Supply Center (DFSC).

B. Since these procedures went into effect in January, 1989, there has been some confusion among vendors about who is or who is not tax exempt. The following IRS-approved exemption certification must be delivered to the commercial vendor at the time of purchase:

Date

The undersigned purchaser hereby certifies that (check applicable type of certificate) of the fuel specified in the accompanying order, or on the reverse side hereof

(or)

All fuel ordered by the purchaser for a period beginning on (date) and ending on (period not to exceed 12 calendar months) will be used for the following tax-exempt or tax-reduced purposes (check one):

- (1) Use as a fuel in a diesel-powered train _____.
- (2) Use as a fuel in an aircraft in commercial aviation _____.
- (3) Use as a fuel in a school bus or qualified local bus _____.
- (4) Use as a fuel in a local or inter-city bus (Other than a school bus or a qualified local bus) _____.
- (5) Use as fuel in a "nontaxable use" as that term is defined in Section 6427(1)(2) of the Internal Revenue Code _____. (Such uses include off-highway business uses and use on a farm for farming purposes.) If purchaser is a railroad or a commercial airline (after January 31, 1989), or purchaser has been notified by the District Director of Internal Revenue that purchaser must register, purchaser's certificate of registry number is (number). If this taxable fuel is resold or used for a purpose other than as stated in this certificate, then purchaser may be subject to tax. Purchaser will be prepared to establish by satisfactory evidence the purchase for which purchaser used the product bought under this certification. Purchaser understands that any fraudulent use of this certification to buy any taxable fuel free of tax or at a tax-reduced rate may subject purchaser to penalties of perjury, which may include fine or imprisonment.
- (6) Employer Identification Number (EIN)
- (7) Signature
- (8) Title
- (9) Address

(Delete any portion of this certificate that does not apply.)

C. Some vendors may still require payment of the FET. In this case, pay the tax and file for a refund as indicated below.

1. Pay for bulk fuel purchases from DFSC at standard price. This price includes FET. Vendor pay personnel will request refunds for FET paid through the bulk fuel and the posts, camps, and stations programs for the portion of the fuel used on U.S. Government-owned land.

2. Vendor pay personnel will also claim a refund on TD Form 8849 (Claim for Refund of Excise Tax) if FET was paid on the fuel purchased locally and it was used for a tax-exempt (off-highway) purpose. Prepare this refund request quarterly unless the dollar amounts are high enough to justify a monthly request. IRS will return requests for \$1,000 or less.

3. If FET was not paid at the time of purchase, vendor pay personnel must pay the tax on fuel on TD Form 720 each quarter for tax exempt fuel purchased locally and used on highway. Make any refund claim separately from the payment of the tax but forward both to the local or regional IRS office servicing the geographic area for the activities the vendor pay office supports.

4. All fuel used in “war vessels” is tax exempt (48 CFR 29.202). Request refunds for any tax paid for fuel used in aircraft, tanks, or other combat type vehicles.

0914 APPREHENSION AND CONFINEMENT

091401. Apprehension Rewards and Reimbursements. Certain rewards are authorized for apprehension, detention, and return of absent without leave (AWOL) military members to military control. The vendor pay office which services the military facility to which the absentee is returned to military control pays the rewards and reimbursements. Rewards paid to non-incorporated individuals are subject to taxation. Issue a TD Form 1099-MISC to the payee if payments equal or exceed \$600 in a calendar year.

091402. Eligibility.

A. Rewards. Generally, persons or agencies who apprehend, detain, or deliver to military control absentees, deserters, or escaped military prisoners of the Army, Air Force, Navy, or Marine Corps are eligible to receive a reward. If two or more persons apprehend, detain, or return the member, pay the reward to only one person or agency. The following persons are not eligible for reward payments:

1. Salaried employees of the U.S. Government, including members of the uniformed services.
2. Any person or agency that merely furnishes information leading to an apprehension.
3. Any person or agency who influences an absentee, deserter, or escaped military prisoner to surrender.

B. Reimbursements For Actual Expenses Incurred. When a reward has not been offered or when conditions for the payment of a reward cannot be met, a reimbursement of actual expenses incurred, not to exceed \$75, may be paid to persons or agencies who apprehend, detain, or deliver to military control any absentee, deserter, or escaped military prisoner. If two or more persons perform this service, make payment to only one. Employees of the U.S. Government, service members to whom an absentee surrenders, attorneys who advise the absentee to surrender to military control, and other persons not entitled to receive a reward may be reimbursed for actual expenses incurred.

C. Foreign Persons or Agencies. Foreign civil authorities or nationals may either be paid a reward or reimbursed for expenses incurred not to exceed \$75. Payment is authorized if the commander of the major command responsible for the member determines such action is warranted, and satisfactory local arrangements are made concerning problems incident to apprehension.

D. Dual Payment Prohibited. Payment is limited to either a reward or reimbursement of actual expenses (not to exceed \$75), not both.

0915 THE JUNIOR RESERVE OFFICERS' TRAINING CORPS PROGRAM

091501. Junior Reserve Officers Training Corps Program (JROTC). To support the JROTC Program, the Army details commissioned and noncommissioned officers to JROTC institutions as administrators and instructors. In addition to detailing active duty soldiers, the Army may authorize qualified institutions to employ retired soldiers whose qualifications and subsequent performance are approved by the SA and the institutions concerned. Major commanders may conduct orientation programs for JROTC instructors. Expenses incident to travel and housing are paid by the Army. Invitational travel orders (ITOs) are issued for this purpose per JTR, Volume 2.

091502. Participating Schools Verification. In order to verify that schools requesting payment are active participants in the JROTC Program, MACOMs will furnish the vendor pay office designated to make payments to the school an authenticated copy of the countersigned DA Form 3126 (Application and Agreement for Establishment of a Junior Reserve Officers Training Corps Unit). The MACOM will notify the responsible vendor pay office when the school's participation in the program ends.

091503. Instructor Pay.

A. Pay authorized retired instructor personnel employed by the school whose qualifications are approved by DA in the amount that, when added to their retired pay, will equal the amount of their active duty pay and allowances exclusive of hazardous duty pay. Active duty pay and allowances means the current pay and allowances authorized for the rank or grade of the person if called to active duty at current retired rank or grade. Allowances include quarters and subsistence allowances for all individuals so employed and uniform maintenance allowance for retired enlisted personnel. Include station housing and cost-of-living allowances if such allowances would be paid to active duty personnel on duty at the institution. Do not include special and incentive pays.

B. There is no limit to the amount schools may pay JROTC instructors, but the amount the Army may reimburse the school is limited. For each retired instructor who the SA authorizes employed by the school, DA will pay to the school an amount equal to one-half the difference between the instructor's retired pay and any active duty pay and allowances that would be received if ordered to active duty. Consider all the retired pay even though a portion may have been waived in order to receive other compensation.

C. Schools must determine the amounts due retired and noncommissioned officers employed as instructors. The vendor pay office designated to service the school will furnish retired and active duty pay figures for those employed. Serviced activities can get information on retired pay from the Director, DFAS-Cleveland, ATTN: Retired Pay Operations, 1240 East Ninth Street, Cleveland, OH 44199. Forward requests on an individual case basis. The schools are responsible for adjusting instructor pay if there is a change in retired or active duty pay.

091504. Deductions from Instructor Wages. Instructor wages are subject to the same deductions as all other wages in which an employer-employee relationship exists. Deductions for taxes, insurance, dues, fees, and so forth, are the school's responsibility. The compensation received by instructors is not considered to be military pay and allowances, even though the amount received is equal to the military pay and allowances that would be received if the instructors were recalled to active duty. All the time employed as an instructor after the retirement date is creditable in determining the amount of active duty pay and allowances. Longevity increases will accrue during the period of the contract thereby creating periodic pay increases.

091505. Payments to Schools.

A. To pay authorized instructors, the school submits SF 1034 in duplicate to the vendor pay office designated to service the school. The SF 1034 may be submitted at regular intervals, not more frequently than once per month, and at no time in advance of services performed. An authenticated copy of the document furnishing pay figures to the school must be attached to the SF 1034 as a supporting document.

B. Complete the SF 1034 as follows:

1. Under the heading ARTICLES OR SERVICES, enter "Salaries of Junior ROTC instructors."

2. Under the heading QUANTITY, enter "1." Enter each instructor separately.

3. Under the heading COST, enter monetary allowance per instructor as authorized by DA.

4. Under the heading PER, enter "Instructor."

5. Under the heading AMOUNT, enter the total for each instructor separately.

6. The completed SF 1034 must have the signature and title of the school official submitting the request for payment.

C. Outside certifying officials may be used to certify these payments. Standard appointment and auditing features must be in place before the procedure begins.

091506. Advancement on Retired List. When retired enlisted personnel employed as JROTC instructors advance to officer grade on the retired list, they may be employed in the officer grade, provided-

A. The individual meets DA qualifications required for officer instructors.

B. The cost to the U.S. Government does not exceed the amount paid to the school to employ the person as an enlisted instructor.

C. The authorized staffing limitations are not exceeded.

091507. Contract Relationship between School and Instructor. The school and JROTC instructor negotiate contractual matters between them. The Army will reimburse the school for up to 12 months per year for the period written into the contract provided that services are actually performed per the terms of the contract. Reimbursement will be made for not more than 30 days' leave per year if included in the contract. The Army will not reimburse the school for any portion of extracurricular services for the school.

091508. Use of Cadets in JROTC Recruiting Activities. Recruiting funds may be used to pay expenses of JROTC cadets used in recruiting activities. Individual travel orders are issued and cadets receive funds for per diem and travel per JTR, Volume 2. Cadets are not considered to be on active duty under these circumstances.

0916 COMMISSARY TRANSACTIONS

091601. General. This section covers payments to Army commissary suppliers for items sold to commissaries for resale.

091602. Brand Name Contracts.

A. The Defense Personnel Support Center (DPSC) of the DLA establishes brand name contracts for certain items for resale in commissary stores. DLA publishes these contracts in DLA Supply Bulletins 10-500 and 10-600 series. The use of the DLA Supply Bulletins is mandatory except when quantities needed do not meet minimum shipping quantities specified in the DLA Supply Bulletins.

B. When an item is available under a brand name contract, ordering officers will order it from the supplier named in the DLA Supply Bulletin at the stated price unless the supplier offers a voluntary price reduction.

C. When the DLA Supply Bulletins offer a prompt payment discount, determine the discount period from the date on the invoice. Do not take discounts unless all conditions of the offer are met. Follow the payment terms in the DLA Supply Bulletins.

091603. Blanket Purchase Agreements. Contracting officers may establish BPAs and authorize Army commissary stores to place calls against pre-priced BPAs. All shipments under the BPAs must be accompanied by delivery tickets or sales slips that will contain the following information as a minimum:

- A. Supplier's name.
- B. BPA number.
- C. Call date.
- D. Call number.
- E. Itemized list of supplies or services furnished.
- F. Quantity, unit price, and extension of each item less applicable discounts. When this information is incompatible with automated systems, it need not be shown provided that the supplier's invoice is itemized to show the information.

- G. Delivery or shipment date.

091604. Accounting and Disbursing Procedures.

- A. Cutoff Date. The cutoff date for billing purposes is the last calendar day of the month.
- B. Overpayments. When a supplier has been overpaid for any reason, make the adjustment on the following month's invoice. Take the credit for the overpayment and refer to the contract or purchase order number and to the supplier's invoice number. Notify the accounting activity of all overpayments since they are required to establish a refunds receivable.
- C. Billing Errors. Do not delay paying bills because of minor errors. When invoices containing minor errors are received:
 - 1. If the price stated on the invoice is higher than the price stated in the order, pay at the price stated in the order for the quantity received.
 - 2. If the price stated on the invoice is less than the price stated in the order, pay at the price stated on the invoice for the quantity received. Inform the vendor of the price discrepancy.

3. If an invoice is received with an unidentified discrepancy of \$10 or less, whether or not in favor of the U.S. Government, do not delay payment. Pay the bill promptly and later adjust the difference with the vendor. Fully explain all adjustments to the vendor.

091605. Short or Damaged Shipments. Do not ask vendors to replace shortages or damages. Make payment for the goods actually received and accepted. Furnish vendors complete references to the exceptions, including any papers necessary to support claims against carriers. If the commissary requests replacement and the vendor agrees to replace the lost or damaged articles, the vendor must submit a separate invoice for the replacement.

091606. Ordering and Billing in Standard Commercial Units.

A. Except for BPAs, contracts that call for frequent deliveries of perishable subsistence items such as milk, bread, or produce, vendors must furnish delivery tickets stated in standard commercial units. Monthly invoices must show the dollar value of the total monthly deliveries and give the delivery ticket numbers and the contract or purchase order numbers.

B. Per BPAs, vendors must furnish delivery tickets in standard commercial units and identify delivery ticket and contract numbers. Pay these invoices per the terms of the contract. Use the delivery ticket for both an invoice and receiving report if it meets all the requirements of an invoice. The commissary officer must give the vendor pay office an original and three copies.

C. When the standard commercial unit is cases of varying sizes, show the number of units per case on the invoice (for example, case of 12, case of 18, case of 24, and so forth).

0917 PAYMENTS UNDER PROPERTY LEASES

091701. General. Additional guidance can be found in DODFMR, Volume 10, Chapter 5, Sections 1 and 2. Lease payments are included in the PPA and interest is due on late payments. Payments are due as dictated by the lease. If the lease is silent on the due date, payment is due 30 days after the end of each billing period. Include the payments in the PPA report as disbursements subject to PPA. If the lessor is a non-incorporated individual, these payments are subject to taxation; a TD Form 1099-MISC would then be necessary.

091702. Limitation on Annual Rental Payments.

A. The annual rental of any premises for U.S. Government use is limited to 15 percent of the fair-market value of the property (40 U.S.C. 278a). This provision may be waived if the SA or designee executes a certificate that the premises are vital to the national interests. A certificate of this nature made by one agency is not automatically applicable to another agency when the leased premises are transferred (27 Comp Gen 426). Fair-market value may be established by the assessed valuation fixed by the city or county assessor on the date of

the lease (14 Comp Gen 83). When a new lease is made, a new fair-market determination must be made.

B. Repairs are limited to 25 percent of the amount of the rental for the first year of occupancy or the rental term, if for a period of less than a year (40 U.S.C. 278a). In a lease for multiple years, expenditure of the whole 25 percent in the first year would prohibit any more expenditures for the remainder of the term (18 Comp Gen 675). The lessor may be paid a specified amount of rent and an additional amount for repairs (15 Comp Gen 787). Alterations that are permanent in nature are subject to the limitation. Temporary partitions and other movable equipment are not subject to the 25 percent limitation (20 Comp Gen 105).

091703. Restoration of Leased Property. Where the lease provides for restoration of the property upon termination of the lease, the lessee (DoD) is obligated to restore the premises to the original condition, excluding ordinary wear and tear. In lieu of restoration, a cash settlement may be paid, the amount of which cannot exceed what the lessee (DoD) would have paid for restoration (15 Comp Gen 492). Rules and procedures are:

A. Ordinary wear and tear are excluded in the restoration of property to its original condition.

B. Restoration requirements beyond fair wear and tear are a question of fact. Contracting and engineering officers' decisions on controversial factual matters are accepted by the GAO unless the lessor can legally support the individuals' position (Comp Gen B-151128, May 10, 1963, and B-154114, May 20, 1964).

C. The measure of damages for breach of a covenant (lease) to restore is not determined solely on restoration cost. Restoration cost is merely one factor. The diminution of value may be applied based upon the location, character, and other material features concerning the premises (Comp Gen B-123785, August 24, 1956).

D. The DoD is liable for damages for waste placed on a lessor's property. This principle is implied in the lease whether stated or not (7 Comp Gen 243).

E. Restoration costs are not considered repairs or alterations and are not included in the 25 percent limitation on repairs (26 Comp Gen 585).

F. Rent may be paid during the restoration period. After the lessor has executed a release upon restoration or cash settlement, no additional amounts may be paid (23 Comp Gen 632).

G. In place of restoration, pay the money amount agreed upon by the DoD and the lessor. The amount cannot be greater than the cost of restoration would have been (15 Comp Gen 492). If this is done, a supplemental agreement to the lease is issued. The settlement payment is supported with-

1. A joint survey and inspection report of the premises as of the lease commencement date.
2. Notice of cancellation of the lease, with acknowledgment of cancellation by the lessor.
3. Lessor's written request for restoration.
4. Detailed listed and cost of items included for restoration.
5. Statement covering what the actual cost to the lessee (DoD) would be.
6. Estimated value of improvements retained by the lessor.

091704. Lease Renewals. Leases may not be renewed beyond the limiting dates provided in the lease and cannot specify a higher rate, except when the lease gives the lessor the right to terminate the lease. If termination rights are exercised, the new lease may provide for a high rate (21 Comp Gen 617).

091705. Recurring Rental Charges. The lessor does not have to submit invoices for regularly scheduled rental payments; they are paid without invoices. Exception receiving report procedures may be used. These procedures require the using activity to submit two receiving reports: one at the end of the first billing period and the other at the end of the lease agreement. The using activity has to agree to immediately inform the entitlement office of any changes in the lessor's performance under the lease. Each payment voucher must identify the lease and the rental period being paid. Outside certifying officials may be used for these payments.

091706. Leases in Foreign Countries. The SA or his or her designee may lease structures and real property not located on a military base but are needed for military purposes. The lease may not be for a period of more than five years (10 U.S.C. 2675). Lease of foreign made equipment may also be made (FAR 25.102 and 25.302). Make payments in foreign currency when feasible.

0918 CLOTHING SALES PAYMENTS

091801. Charge Sales.

A. Enlisted soldiers in a pay status and with more than 60 days of active duty before discharge or separation may buy clothing from the Army and Air Force Exchange Service (AAFES) clothing sales stores using charge procedures in emergency situations. The requirement to make up shortages for an inspection is not considered an emergency, whereas fire or theft of clothing, undue delay in pay and allowances, lost personal funds, and other similar situations are considered emergencies.

B. The soldier's unit commander prepares an original and five copies of DA Form 3078 (Personal Clothing Request); the individual retains one copy. The soldier takes these documents to his or her servicing military pay office. The military pay office-

1. Verifies that the soldier is in a pay status.
2. Puts the soldier's estimated date of separation from the Army on each DA Form 3078.
3. Writes the soldier's servicing DSSN on the DA Form 3078.

C. The soldier takes the DA Forms 3078 to the Army Military Clothing Sales Store (AMCSS) and buys the required clothing. The AMCSS clerk puts the quantities purchased and the total amount of the sale; the soldier signs all copies to show receipt.

D. AMCSS keeps two copies of the DA Form 3078. AMCSS personnel add an AAFES Form 7250-5 (Credit/Charge Voucher) to each original and one copy of the completed DA Form 3078 and sends them to the servicing entitlement office.

E. Vendor pay personnel will:

1. Check the voucher, DA Form 3078 for required signatures and information.
2. Check and confirm extensions and total amounts of the bills. Increase the amount and pay vouchers which have arithmetic errors of \$30 or less. Send back to the AMCSS for correction any vouchers that have errors of \$30.01.
3. Prepare the SF 1034 as follows:
 - a. List the billing AMCSS store as the payee.
 - b. Put the following information in the Articles or Services

Block:

- (1) The AMCSS invoice number.
- (2) Billing date.
- (3) "See attached DA Forms 3078."
- c. Add the correct accounting classification Military Pay Appropriation, National Guard Pay Appropriation, or Reserve Pay Appropriation.

4. Mail one copy of the voucher to the AMCSS with the check.

5. Send one copy of the voucher and supporting documents to the soldier's servicing military pay office for collection from the soldier's pay.

091802. Mail Order Charge Sales. Anyone who is authorized to buy clothing from AMCSS may also make mail order purchases when stores are not available. Process AMCSS charge mail order sales like individual charge sales per paragraph 091801. The soldier sends the original and four copies of the DA Form 3078 to the proper mail order AMCSS, with a transmittal letter. After AMCSS ships the order, the store follows the procedures given in paragraph 091801. Store personnel must mark the AAFEES Form 7250-5 "Mail Order Shipped on (Date)" and sign and date it.

091803. Maternity Clothing. Supplemental issue of the maternity clothing items will be made on DA Form 3078, Personnel Clothing Request. Soldiers will continue to be required to maintain ensemble for a three year period. Procedures are the same as in paragraph 091801 above.

0919 DIRECT SUBMISSION OF INTERIM VOUCHERS PROGRAM

091901. Contractor Participation.

A. Voluntary contractor participation in the direct billing program is contingent upon the continued (1) maintenance of adequate billing system internal controls for the preparation of public vouchers and (2) submission of incurred cost proposals in accordance with FAR 52.216-7, Allowable Cost and Payment contract clause. If the authorization is subsequently rescinded by DCAA, contractors will be notified immediately and the requirement to submit interim vouchers to DCAA will be reactivated.

B. In accordance with DFARS 242.803(b)(i)(C), contractors are allowed to submit interim vouchers directly to DFAS paying offices based solely on notification from their cognizant DCAA office without going through the DCAA audit process (advance approval). First and final vouchers on each contract will continue to be submitted to DCAA Field Audit Offices to notify them of new contracts and assist in the closing of contracts. Field Audit Offices (FAOs) and Administrative Contracting Officers (ACOs) were instructed that the requirement to modify contracts to allow direct billing has been eliminated.

C. Some functions performed by DCAA personnel include:

1. Sending letters to eligible vendors not currently participating in the program explaining the program and requesting their participation.

2. Approving eligible contractors. When a vendor is approved for the program, the Field Audit Office will issue a notification letter to the vendor with a copy furnished to the cognizant ACO and DFAS paying office.

3. Immediately notifying cognizant ACOs and DFAS paying offices when contractor authorization to directly submit vouchers is rescinded.

091902. Responsibilities.

A. DFAS has EDI capability and will assist eligible contractors in transmitting payments. The DFAS EDI point of contact is DFAS Headquarters Electronic Commerce/Electronic Data Interchange Program Office, DFAS-HQ/DDE, at (703) 607-3755 or 3757.

B. Qualified vendors submitting interim vouchers directly to DFAS paying offices, will forward one copy of the revised DCAA authorization memorandum with the voucher. The signature block on the voucher should state: "Direct Submission Authorized".

C. Before payment, DFAS paying offices will turn off the capability if the contractors billing systems become disqualified. They need to track the number of approved contractors using this process.

D. Close coordination among FAOs, ACOs and DFAS paying offices is necessary to assure the effective implementation and operation of the direct billing program.

091902. Background Information. Additional information, samples of proforma letters, and criteria for direct submission of interim vouchers to DFAS paying offices are on the world wide web at (www.asafm.army.mil/dfas). Click on policy messages - Fiscal Year 1998 then scroll to the important information box and click on "Procedure for Direct Submission of Interim Vouchers from Contractors".

0920 OTHER PAYMENTS

092001. General Services Administration (GSA).

A. Various goods and/or services provided by GSA are billed as follows:

1. General Supply Fund. Federal supply service billings are produced twice monthly for materials shipped from depots, customer supply centers, direct deliveries from vendors, copies of Federal specifications and standards, and for fuel (Washington, DC, area). Billings are on GSA Form 789 (Statement, Voucher, and Schedule of Withdrawals and Credits) or by automated interfund billing. GSA Form 789 is supported by GSA Form 952 (Detail Billing Register), which provides line item detail to support the billing. Report damages or discrepancies in materials received that exceed \$50 per line item to General Services Administration, Discrepancy Reports Center (DFR), 1500 E. Banister Road, Kansas City, MO 64131-3088. Use either SF Form 361 (Transportation Discrepancy Report) or SF Form 364 (Report of Discrepancy) as applicable. Annotate any damages noted at the time of receipt on the GBL or commercial bill of lading. Report quality deficiencies for items over \$25 per line item to the

Discrepancy Center on SF Form 368 (Product Quality Deficiency Report). On request, the Discrepancy Reports Center will provide a manual/guide that shows examples of all the discrepancy report forms and instructions for filling them out. Call DSN 465-7447 or commercial 816-926-7447 to obtain the manual. Damages or discrepancies less than \$50 per line and quality deficiencies less than \$25 per line item must be absorbed.

2. Fleet Management Services. Motor pool services are billed monthly for the prior month's services on GSA Form 789 and GSA Form 2529 (Detail Billing Register). Submit problems with equipment or amounts billed to the Fleet Management Center that provided the equipment.

3. Automatic Data Processing (ADP) Billings. These are produced for each work order bimonthly or monthly on GSA Form 789. A report of ADP services performed, which provides detailed U.S. Army accounting information, is provided with the billing. Submit questions about the billed amount or description of services to the attention of the GSA Information Resources Management (IRM) office that provides the services or to the GSA finance office.

4. Federal Telecommunications (FT) Billings. These are billed to the U.S. Army monthly on GSA Form 789. GSA Form 789 provides summary information and is supported by a detail record sheet, a report of FT services performed that details electronic services, or various Telephone Inventory Accounting System reports that detail charges. Submit questions about billed amounts or description of services to the GSA IRM office that provides the services or to the GSA finance office.

5. Work Performed by GSA for the U.S. Army. Such work over the commercially based rent standard charges is authorized using GSA Form 2957 (Reimbursable Work Authorization (RWA)). Charges citing the RWAs are billed monthly or quarterly to the U.S. Army via GSA Form 789, which is supported by a Federal building fund detail billing register (computer listing). Submit questions about work performed on a RWA to the GSA production base support office that controlled the RA.

6. Rental of GSA-Controlled Space. Rental is billed quarterly in advance on GSA Form 789 and is supported by a billing record that provides a detail of the assigned space, including building information, square footage, type of space, and rent amount. Rent billings for the U.S. Army are sent to and controlled by the USACEs.

7. Printing and/or Photographic Services. These services are billed monthly on GSA Form 789 with supporting detail lists. Submit questions about work performed or amounts billed to the GSA printing plant where the work was performed.

8. Training. This is billed monthly on GSA Form 789 with supporting detail lists. Submit questions about courses billed or billing amounts to the GSA Training Center.

B. Pay GSA billings, using GSA Form 789 as the payment voucher within 15 days of receipt. Bring exceptions, noted either at the time of payment or in post audit, to the attention of GSA by a notation on the returned billing statement or by separate communication. GSA will reflect approved adjustments in subsequent billings.

C. The phone number of the GSA billing office is shown on each billing. Direct questions or comments concerning the billing or payment process to that telephone number. Put the GSA bill number and the dollar amount paid for each bill either on the check or on check enclosures. Make payments to the remittance address shown on GSA Form 789.

092002. Accounts payable - U.S. Government Printing Office (GPO).

A. GPO will bill activities using either the SF 1080 (for existing printed publication) or GPO Form 400 (GPO Invoice) (for all other requests). Use these two forms and voucher for payment. Ensure that the payment voucher includes the invoice number, the print order number, and the jacket number. If this information is not available, call commercial 202-512-2083 for assistance. Send payments to the address cited on the GPO Form 400 or SF 1080 within 15 days from receipt of invoice. (NOTE: TITLE 44 U.S.C., SECTION 310 REQUIRES ALL GPO BILLS TO BE PAID WITHOUT AUDIT OR VERIFICATION AND WITHIN 15 DAYS FROM RECEIPT OF INVOICE.) Ordering activities will ensure that GPO billings are sent to the paying OPLOC/FAO. (NOTE: All print request must show the address of the paying office.) This will allow the paying office to make payment within the prescribed 15 days.

B. To request adjustment of discrepancies to GPO bills, call commercial 202-512-2083. Submit writ-ten requests (as a last resort) for adjustments to U.S. Government Printing Office, ATTN: Billing Branch (FMCB), Washington, DC 20401-0001. When requesting adjustments from GPO, cite the invoice number, the "jacket number" on the invoice, and the print order number on the invoice if applicable.

092003. Communication Services.

A. The Directorate of Information Management receives monthly bills from contractors who pro-vide communication service to DoD installations and activities. The designated officer prepares and certifies vouchers to pay these bills, The vendor pay office pays all bills for communication services furnished under a written or implied agreement or contract.

B. The paying office bills and collects for unofficial communication services. When commercial communication service is furnished through a U.S. Army communication facility, funds to cover the determined cost of the commercial service for unofficial use, including tax, must be collected from the user. Amounts collected are accounted for as a reimbursement to the OMA appropriation, except that the portion of the collection for unofficial telegraph service, state and local taxes on unofficial telegraph service, and Federal taxes are accounted for in deposit fund account 21X6875. Cash collections for telephone and telegraph services not established as accounts receivable will be reported as cash sales.

C. SF 1034 is used to pay the cost of official telephone business, unofficial telephone services furnished individual subscribers, and state and local taxes. All are paid from the OMA appropriation.

D. Procedures for telegraph service.

1. Collections from unofficial telegraph service, state and local taxes on unofficial telegraph service, and Federal taxes are credited to DO Deposit Account 21X6875.0000. On or before the last day of the month following the close of the calendar quarters (March 31, June 30, September 30, and December 31), the finance and accounting officer/finance accounting officer reports Federal taxes on IRS Form 720 (Quarterly Federal Excise Tax Return) for the preceding quarter. The collected taxes are paid directly to the IRS district director for the district in which the OPLOC/FAO is located. They are paid on SF 1049 (Public Voucher for Refunds). Payment for unofficial telegraph service, including state and local taxes, is paid monthly to the telegraph company on SF 1034.

2. When preparing the voucher for IRS, the collection number, date, and the amount of the Federal tax on unofficial calls or messages must be shown. A copy of IRS Form 720 must be attached to the voucher. The forms can be obtained from IRS. Once a return is filed, IRS will mail a pre-addressed IRS Form 720 each quarter to the OPLOC/FAO making the return.

092004. Canadian Purchases.

A. Because the United States and Canada are so close geographically, and because of their mutual interest in North American defense, various steps have been taken to coordinate economic efforts for common defense. It is DoD policy to assure Canada a fair opportunity to share in military equipment production. An agreement exist between the United States and Canada that states policies and procedures for all contracts for supplies and services placed with Canadian Commercial Corporation, an agency of the Canadian government.

B. Contracts placed with Canada must identify whether they are priced in Canadian or U.S. currency. When contracts are to be paid in Canadian currency, the contact price must be quoted in Canadian dollars, identified by the initials "CN" (for example, \$1,647.23CN.) The contract must include the U.S./Canadian conversion rate at the time of award and the U.S. dollar equivalent of the Canadian dollar contract amount.

C. CONUS OPLOCs/FAOs will send all commercial invoices stated in Canadian dollars and payable from appropriated funds to DFAS-IN, Department 3802, 8899 East 56th Street, Indianapolis, IN 46249-3802.

092005. Recurring Payments-Fixed Amount

A. Payments for continuing services such as rent, equipment maintenance, janitorial service, leased equipment, utility, and so forth, that are performed under agency-vendor

agreements calling for payments at fixed periodic intervals may be made without the vendor submitting an invoice or bill. When payments for services are due on several invoices with the same date, make voucher payments on SF 1166. The voucher must be certified for payment the same as all other vouchers. Vouchers for these payments must show the--

1. Contract or agreement number.
2. Period covered by the payment.
3. Name of the vendor.
4. Amount of the payment.
5. Account to be charged.

B. Administrative controls for these recurring payments must provide assurance that--

1. The contract is still in effect.
2. The amount being paid is correct.
3. Appropriate steps have been taken to prevent duplicate payments.
4. Payment is not made in advance of service or equipment

performance.

C. The certificate of performance prescribed in this chapter may be typed or stamped on a separate sheet of paper or on a memorandum copy of the voucher.

D. Normally, the due date for these payments is 30 days after the billing period ends. Interest penalties are due if payment is paid after the due date.

E. The OPLOC/FAO may require receiving/ acceptance reports for the first and last billing period on those recurring contracts is to be paid to the same vendor in each billing period. If the OPLOC/FAO establish this procedure, they must ensure that the receiving activity is informed that any change in service or contract conditions must immediately be reported to the paying office. Stringent controls, such as accurate entries on the bills register card, must be established to avoid duplicate payments.

092006. Payments Under Blanket Purchase Agreement (BPA).

A. BPA with Billing Periods. If a BPA has a billing period, it is paid as directed if the BPA has a specific due date. If the BPA does not have a specific due date, payment is to be made 30 days after the end of the billing period, counting as "one" the day following the end of the billing period. If an invoice offers a discount, the discount period must

be computed from the date of the invoice. Each 30-day payment includes all deliveries made during the billing period, as evidenced by acceptance reports. Although invoices or summary statements are to be filed in the official payment file, vendor pay personnel can make payment based on an acceptance report rather than on invoices or summary statements. If this method is used, put the following statement on the SF 1034 instead of citing an invoice number: "This payment is for all deliveries accepted during the billing period (date) to (date), (month), (year)". Since an invoice is not being used, write or stamp on the SF 1034: "Acceptance report maintained at (payment office)". The acceptance report must be available for audit.

B. BPA Without Billing Periods. If a BPA is issued without a billing period, account for each delivery as if it is a separate purchase order. The payment is due 30 days after the goods or services are accepted or an invoice reaches the office designated in the BPA, whichever is later. If a discount is offered, whether in the BPA or on the invoice, payment is made on the last day of the discount period.

092007. Payment Consolidation. To minimize the number of vouchers and checks issued, payments for multiple invoices or bills may be consolidated into a single payment under the following conditions:

- A. Payment is to a single office or place of business.
- B. Payment is to one U.S. Government agency.
- C. The vendor agrees to the consolidated payment.
- D. No discount is lost.
- E. Payment is made with due under PPA.

092008. Motor Vehicle Operators' Permits. When personnel assigned to foreign countries are required to have motor vehicle operator's permits to perform their official duties, the fees for the permits may be paid from appropriated funds. However, the tenure of duty must be long enough to warrant the expense.

092009. Civilian Instructors Under Non-personal Service Contracts.

A. Civilian instructors engaged by non-personal service contracts may be paid from appropriated funds. Payments are made according to the contract terms on the SF 1034 and processed the same as regular commercial account vouchers. Certifying officers usually prepare the voucher for finance personnel review. These payments are subject to PPA provisions and payments are scheduled for 30 days after the service is performed unless the contract specifies a different payment due date. Interest is due if payment is not made within 30 days after the U.S. Government accepts the service. Income tax is not withheld but IRS Form 1099 must be filed if income reaches or exceeds \$600 in any one calendar year for any one individual

B. Wages, income reporting, and income tax withholding for DA civilian employees is made per the DoDFMR, Volume 8.

092010. Honorariums or Fees.

A. The proponent for policy and procedures for honorariums/fees for HQDA Secretariat within the National Capital Region is the office of the Administrative Assistant to the SA. The proponent for the remainder of the U.S. Army is the Vice Chief of Staff, Army. Excessive fees will not be paid to persons engaged to deliver speeches, lectures, and presentations. It is appropriate to pay honorariums or fees up to \$500.

B. In the words of OSD, "An Honorarium is not intended to be a fair and reasonable compensation for services rendered. It is only a token of our appreciation. Payment for a one-hour presentation during a luncheon, symposium, seminar, graduation ceremony, commemorative event or other similar occasion is normally an Honorarium, while payment for a program of instruction of several hours in length during an established course of instruction normally is not an Honorarium."

C. For those who insist on obtaining an exception to the \$500 limit, use the following chain of command. Installation commanders will forward request to the MACOM commander. The MACOM commander will submit request to the Vice Chief of Staff, Army, who will either approve or disapprove the request. HQDA Secretariat within the National Capital Region will submit requests to the Office of the Administrative Assistant to the SA through the normal chain of command. U.S. Army staff level requests for waiver will be submitted to the Director of the Army Staff.

092011. Dependent Education in Foreign Countries.

A. Contract Requirement. Contracts to educate dependents of service members and civilian personnel in foreign countries must contain a statement that the SA has found that the schools, if any, available locally are unable to adequately educate dependents. Payments will not be made on contracts, payable from appropriated funds, that do not contain this statement.

B. Private Correspondence Courses or Tutors. Payments will not be made to service members in localities without adequate schools who personally order private correspondence courses to educate their dependents or who personally incur tuition charges for their dependents in private schools.

C. Sponsors of Dependent Children. Sponsors of dependent children who require room and board away from their domicile in a private home over-seas (not within commuting distance) to provide the children an adequate education are authorized reimbursement for incurred costs. SF 1034 is used to reimburse the sponsor for room and board costs. SF 1034 must be supported by a certificate of performance, a receipt covering actual

payment of room and board, and a signed statement from the school superintendent or principal that the room and board charge was reasonable for that area. There must not be a less expensive alternative way to provide an adequate education at a school within the same comparable distance.

092012. Postal Charges.

A. When a procuring instrument states the U.S. Government will pay transportation charges and directs the vendor to ship by parcel post, OPLOC/FAO must pay the postal charges. The vendor's invoice must show the charges separately. The charges on the vendor's invoice will be accepted as correct without additional supporting evidence such as verification by weight or postal zone.

B. Registered letter fees on domestic surface mail cannot be paid from appropriated funds.

C. The U.S. Postal Service is reimbursed for costs of transporting military mail by commercial air between the United States and foreign countries.

092013. Reimbursement for Reconnection Costs.

A. General. Service members may be reimbursed for telephone, television cable, water, natural gas, and electricity reconnection costs in situations when the service member moves non-PCS at the U.S. Governments' initiative from one set of quarters to another. For example, the U.S. Army requires the move because the vacated quarters will be uninhabitable while being relocated, altered, improved, or repaired. The service member must be furnished a written termination of quarters notice that sets forth the specific conditions under which termination is being done.

B. Procedures. Payment is made on SF 1034 with a copy of the termination of quarters notice and the paid receipt from the utility company.

092014. Payments for civilian and military training.

A. General. DD Form 1556 (Request, Authorization, Agreement, Certification of Training, and Reimbursement) is used to authorize and record civilian employee training at U.S. Government facilities (intra-agency and inter-agency), non-U.S. Government facilities, meetings, and for Defense Management Education Training (DMET) authorized under the provisions of Civilian Personnel Regulations (CPR) 410 (Training). The form can also be used for any or all of the following:

1. Training requests.
2. Authorization.

3. Obligated service agreement.
4. Certification of reimbursable or cost shared expenses.
5. Certification of authorized expenditures.
6. Record of training.
7. Evaluation instrument.

B. Training in Non-U.S. Government Facilities. The head of each DoD component may enter into agreement with non-U.S. Government training facilities when no adequate or reasonably available resource exists within DoD or another Federal agency. These arrangements must be advantageous to the U.S. Government. The head of each DoD component may redelegate authority to approve non-U.S. Government facilities training.

1. Special Training by Contract. When a non-U.S. Government source develops a training course or program specifically for the U.S. Army, the authorized contracting officer contracts for the training based on a request from the responsible employee development specialist. This precludes using DD Form 1556 as a contracting document; however, the form must be completed to request and approve training for each individual to be trained. DD Form 1556 serves as a backup document to the contacting documents.

2. Educational Service Agreements. These agreements are with established schools, colleges, universities, or other educational institutions for educational services using the institution's facilities, standard courses, and prevailing tuition and fees applicable to the general public. An educational service agreement is not a contract but a continuing offer that the U.S. Government may accept by placing a request for service. Each service request results in a separate contract. These service agreements remain in effect indefinitely until terminated. Even though a dollar limitation is not established under these reimbursement conditions, the training officer will consult with the appropriate contracting officer and follow regular contract procedures when the price exceeds \$25,000.

3. Payment for Training at Non-U.S. Government Facilities. When training is properly authorized by an appropriate training official and does not involve a contracting function, DD Form 1556 may be used to certify payment of approved costs. Such certification does not involve a contracting function. For training done by contract, make payments as required by the contract; SF 1034 is used as a payment voucher.

C. Training at U.S. Government Facilities. Training at U.S. Government facilities authorized by an appropriate training official uses DD Form 1556 for certification for payment of approved costs. SF 1080 is used as the payment voucher.

D. Request for Tuition Assistance. DA Form 2171 (Request for Tuition Assistance - Army Continuing Education Program) is used to authorize and record tuition

assistance for service members attending educational institutions. Installation educational services officers (ESOs) accept DA Form 2171 from the student, check it for completeness and accuracy, and send one copy to vendor pay and another copy to accounting division. The educational institution will send an invoice for the U.S. Army's portion of tuition shown on DA Form 2171 to the ESO. The ESO will review and verify the amount, certify the invoice, and send it to vendor pay for review and payment.

092015. Payments When no Valid Contract Exists.

A. When a Contract has been Lost. The terms of a lost contract may be proved by producing the original proposal, certified copy of its acceptance, and an unsigned copy of the contract. Then payment is authorized at contract rates for supplies actually delivered.

B. Completed Contract. After delivery and final payment, a contract may not be amended to provide for increased prices.

092016. Unsatisfactory Contract Performance.

A. Types.

1. Default. A contractor fails to carry out the terms of a contract.

2. Delay. The contractor fails to furnish supplies or services within the time limit fixed in the contract.

3. Unsatisfactory Supplies. Supplies that have been delivered and inspected are determined to be unsatisfactory and not in accordance with the terms of the contract.

B. Liquidated damages. Liquidated damages are paid to the U.S. Government for performance delay or other breach of the contract terms at a rate determined by contract. Actual damage to the U.S. Government is not required to be proven. Only the Comptroller General can approve repayment of liquidated damages to a contractor.

C. Statement of Payments Under Contracts Involving Liquidated Damages. When payments are completed under a contract involving liquidated damages, the vendor pay office prepares a statement showing voucher numbers, dates, and computation for total liquidated damages. The original copy of this statement is filed with the original contract.

D. Special Cases.

1. When a contract contains a liquidated damages clause based on price and also contains an offer of discount for prompt payment, deduct the liquidated damages without regard to the discount. Compute the discount on the gross contract price after deducting the amount of the liquidated damages.

2. When a contract contains a liquidated damages clause based on a price that is modified and also contains an offer of discount for prompt payment, compute both the liquidated damages and the discount on the basis of the modified price.

3. When a contract contains a liquidated damages clause based on price and also contains clauses providing for price reduction and for penalties, compute the liquidated damages based on the revised price without regard to penalties.

4. Liquidated damages may not be deducted for delays resulting from changes in specifications covered by change orders issued under the contract. The change order specifies the changes, increase or decrease in price, and the number of days added.

5. When a contractor abandons the contract, necessitating termination and reletting the uncompleted portion to another contractor, no liquidated damages accrue to the United States after the date of termination. The only exception is a contract provision that liquidated damages will not cease to accrue at the time of termination.

6. Partial payments, as distinguished from final payment, may be made on the periodic progress reports without deduction of liquidated damages for the time between the dates of an order to suspend and resume work or the delivery of supplies.

E. Limitation of Payment - Defaulting Contractors. A contractor who is in default under a contract with the United States is not paid the balance due on other U.S. Government contracts until the liability for the default has been ascertained and adjusted. A consolidated U.S. Governmental listing of indebted contractors is compiled and distributed to OP:PCs/FAOs.

092017. Inferior Goods Accepted. A contract may provide for payment of a lesser amount for inferior goods accepted. In such case, the OPLOC/FAO pays as required on the contracting officer's determination. Usually such payment is based on reasonable value instead of contract price. Payment is supported by contractor's invoice in the reduced amount. When a contract does not provide for acceptance at a reduced price, the contract is modified before making payment.

092018. Payment to contractor after appeal.

A. Payment to a contractor of an amount due because of an appeal sustained by the Armed Services Board of Contract Appeals (ASBCA) is made only on receipt of written authority from the contracting officer. Payment is made by the OPLOC/FAO designated in the contract.

B. For interest awarded a contractor by ASBCA.

1. Interest rates are established by the Secretary of the U.S. Treasury under 41 U.S.C. 611 in January and July of each year. DFAS-IN issues the rate to all OPLOCs/FAOs by message.

2. Interest is computed from the date the contracting officer receives the claim, or from the date that payment is due if that date is later, until the date of payment. Simple interest is paid on the claim at the rate used to pay interest under PPA.

3. Interest charges stop on the date of final judgment by a court of competent jurisdiction or the date that a supplemental agreement is mailed to the contractor that either confirms completed negotiations between the parties or carries out a decision of the ASBCA.

4. Each 6-month segment of the appeal period must show the applicable interest rate for that period.

5. IRS reporting requirements on interest paid under PPA also apply to interest awarded a contractor by ASBCA.

092019. Blood Purchase. Blood may be purchased with appropriated funds for persons entitled to medical treatment at U.S. Government expense.

092020. Special drinking Water. Drinking water may be bought with appropriated funds only when the public water supply is declared unsafe for human consumption.

092021. Medical Treatment Provided by Civilian Sources.

A. Service members may be authorized to receive medical treatment from a non-U.S. Government doctor or hospital when away from U.S. Army treatment facilities. These payments are subject to interest penalties under the PPA if paid 30 days after the due date. Military Treatment Facility (MTF) personnel determine the due date based on the date they received all proper documents necessary to determine that the claim is valid. MTF personnel will enter the due date on SF 1034 before sending it to the servicing OPLOC/FAO for payment. Pre-approved medical treatment payment is due 30 days after the invoice reaches the office designated in the authorization document.

B. If the service member is a recruiter, health benefits advisors fill out, address, and attach a postcard-size mailer U.S. Army Recruiting Command (USAREC) Form 792 (Medical Treatment Mailer) to all claims for treatment provided a recruiter. The servicing MTF will send it to the paying office with the SF 1034. The OPLOC/FAO personnel process the certified SF 1034 and detach, date stamp, and send the USAREC Form 792 to be metered and mailed.

092022. Patents, Copyrights, and Designs. Appropriated funds available for acquiring materiel may be used to acquire the following if it benefits the U.S. Army:

- A. Copyrights, patents, and applications for patents.
- B. Licenses under copyrights, patents, and applications for patents.
- C. Designs, processes, and manufacturing data.
- D. Releases, before suit is brought, for past infringement of patents.

092023. Copies of Official Records or Documents. Fees required by local laws may be paid to proper officials for certified or photostatic copies of public records or documents required by a court, board, and so forth.

092024. Rewards for Recovery of Lost U.S. Army Property. Rewards may be paid only as specifically authorized by statute to persons or organizations for the return of lost property or information leading to its recovery.

A. Conditions for Reward Payment.

- 1. Statutory authorization.
- 2. The person(s) or organization(s) must know that a reward is being offered or that it is general practice to offer rewards for the return of particular U.S. Army property of information leading to its recovery.
- 3. The claimant is not a service member of the U.S. Armed Forces or an officer, employee, or agency of the U.S. Government.
- 4. Payment is not inconsistent with local laws, prevailing customs or practices, treaties, or international agreements.

B. Reward Payments. Pay rewards from the funds of the activity concerned. Support the voucher with a copy of the offer of reward, a statement by the commander or designated representative that the requirements have been met, and a release from further claim signed by the claimant.

092025. Pollution Control Permits or Fees. In the absence of express Presidential exemption, U.S. Army facilities must abide by state or local laws for abatement and control of pollution. This includes obtaining permits and paying the associated fees. Use SF 1034 to pay claims based on the certification or approval by the environmental control officer.

092026. Arbitrator Fees. Services of an arbitrator in negotiated grievance procedures of management and labor are normally provided by DD Form 1155 that specifies payment terms and conditions. Upon completion of services, the civilian personnel office certifies that services have been received. This certificate serves as documentation representing

the receiving/acceptance report required for payment. Pay the arbitrator upon receipt of all required documentation.

092027. Paid Media Advertisements.

A. Statutory Provisions. The U.S. Government may not pay more than commercial rates for advertising including usual discounts. Advance written authority for the advertising is required from the Secretary of the U.S. Army or designee. The delegation specifies the limitation, if any, of the authority granted. Administrative duties involved in accomplishing the advertising may be delegated in writing, personally signed by the delegate, setting forth the duties.

B. Request for Authority to Advertise. Use DD Form 1535 (Request/Approval for Authority to Advertise).

1. The original DD Form 1535 must be filed with the first payment voucher and a copy filed with a copy of the voucher.

2. All later advertising orders must cite DD Form 1535 that authorized the advertisements to be published.

3. DD Form 1535 is not required as authority to place advertisements in media other than newspapers.

C. Delegating Authority. A copy of the instrument delegating authority to advertise and a copy of the instrument assigning administrative duties must be attached to the original and one copy of the voucher submitted for payment.

D. Contracting Documents. DD Form 1155 is used for advertising orders of \$25,000 or less and SF 33 (Solicitation, Offer and Award) is used for orders over \$25,000. The date and number of the instrument of delegation or assignment must be shown on DD Form 1155 or SF 33.

E. Payment Procedures. Proof of publication in the form of a "tear sheet" (advertisement copy) or an affidavit of publication attested to by the printer or publisher, radio or television station, or advertising agency concerned must accompany the vendor invoice for official advertising. When the invoice is received, the office placing the advertisement attaches required supporting documents and signs the certificate on DD Form 1155, or for orders over \$25,000, makes a similar certification on the second copy of the invoice (serving as the receiving/acceptance report), and submits the invoice in an original and three copies to the paying office for payment. Make payment to the vendor using either DD Form 1155 or SF 1034. Later payments may be summarized on SF 1034 for orders comprising more than one payment.

092028. Payment Adjustments.

A. Mistakes in Contract Price. Pay only the contract price specified in the contract when a contractor claims a higher amount on the grounds that a mistake was made in the contract price. Refer the claim for additional amounts to the contracting officer for settlement.

B. Disposition of Amounts Withheld as Wage Underpayments.

1. Davis-Bacon Act Withholding. Transmit wage underpayments withheld under the Davis-Bacon Act through the Director, DFAS-IN, ATTN: DFAS-IN-GL, 8899 East 56th Street, Indianapolis, IN 46249-0160 to General Accounting Office, Claims Division, Washington, DC 20548. (Schedule of Withholdings Under the Davis-Bacon Act). Take such action only after the contractor refuses to pay employees the hourly rates shown in the contract. The OPLOC/FAO receives the properly completed SF 1093, Schedule Withholding Under Davis-Bacon Act and/or Contract Work Hours and Safety Standard Act, in original and two copies from the contracting officer. The attachments shown in the General Accounting Office Manual, Title 4, Chapter 7, Policy and Procedures -Manual for Guidance of Federal Agencies must accompany SF 1093. The OPLOC/FAO deducts the amount of underpayments due the contractor's employees from amounts due the contractor. Make one check payable to the contractor after deduction of the wage underpayments. Make another check payable to the Treasurer of the United States for the total amount of wage underpayments. Send the check payable to the Treasurer of the United States through DFAS-IN to GAO, with the original and one copy of SF 1093. One copy of SF 1093 must support the original payment voucher.

2. Work Hours Act Withholding. Wage underpayments withholding, under the Work Hours Act, is caused by contractors' refusal to pay overtime as shown in the contract. Submit amounts withheld through DFAS-IN to GAO as in paragraph 20-197 b(1), above. In preparing SF 1093, the contracting officer lines out "Davis-Bacon" in the form title and insert "Work Hours". The contracting officer follows procedures in paragraph b.1 above.

092029. Civilian Clothing Allowances for Service Members. Entitlements, limitations, definitions, and policies on furnishing initial civilian clothing allowances to service members are contained in the Unit Supply Update. Make payment on SF 1034.

092030. Contingency Payments.

A. General. The instructions in this paragraph apply to disbursements made to funds in the Contingencies Program. Each fiscal year the U.S. Congress appropriates funds in the Contingencies Program for the SA to use under the statutory authority in 10 U.S.C. 140. Operating agencies are notified of their funding programs. This notification provides authority to spend contingency funds as approved or as adjusted later during the fiscal year. At least two photocopies of the notifications must accompany each allotment of funds issued by operating agencies.

B. Representation Funds. Unless otherwise specifically authorized by the SA or designee, representation funds are spent by commanders only for official entertainment or other authorized purposes. All expenditures of funds for official representation must be

specifically approved before the event by the applicable commander or designee. Such approvals must be of formal record, and, at a minimum, indicate the purpose, number of guests, and estimated cost. Payments are made on SF 1034, and certified or approved by the commander or designee. Two copies of the funding document must accompany the initial voucher submitted for payment each fiscal year. Supporting documents (invoices, event approvals, and so forth) are kept at the installation that has accountability.

092031. Cash awards to service members. Service members are paid cash awards for suggestions, inventions, and scientific achievements. Service members are not eligible for cash awards for superior performance of assigned duties .

A. After an award is approved, the Executive Secretary of the Suggestion Awards Committee prepares, certifies, and submits SF 1034 to the paying office.

B. After the certified SF 1034 is received, review the voucher for propriety.

1. Ensure OMA funds (or industrial funds, if applicable) of the activity to which the service member is assigned at the time the suggestion, invention, or achievement is approved are cited.

2. Federal income tax withholding is required for all cash awards. Withhold 31 percent of the gross award for Federal income tax. Enter the Federal income tax withholding deduction in the "DIFFERENCE" block of SF 1034. The only exception to the requirement for withholding Federal income tax on cash awards is when payment is made to an enlisted service member serving in a combat zone.

3. Make payment regardless of the branch of service of the military payee.

4. Prepare and issue U.S. Treasury Department (TD) Form IRS W-2 (Wage and Tax statement) to show taxable income and tax withheld.

5. Send a copy of TD Form IRS W-2 to the following address: Social Security Administration, Bureau of Data Processing, Baltimore, MD 21290.

C. A consolidated SF 1034 may be used when three or more awards are processed at the same time. The executive secretary of the suggestion awards committee prepares a typewritten list (three copies) showing the name and check mailing address of each award recipient, SSN, suggestion number and amount, and the amount of Federal income tax withholding deduction. SF 1034 is submitted to the paying office prepared as follows:

1. In the PAYEE'S NAME AND ADDRESS block, insert "Suggestion awards per attached typewritten list."

2. In the body under ARTICLES AND SERVICES, insert "Awards for suggestions approved on (date approved)."

3. Under AMOUNT TOTAL, show the gross amount of all awards included.

4. The remainder of SF 1034 is processed as usual.

092032. Handling charges. Vendors may include a handling charge, service charge, or minimum billing charge on orders below a certain value. As long as these charges are included in the contract, they may be paid.

092033. Foreign currency payments. All vouchers that are to be paid in foreign currency must show the appropriations to be charged and either the foreign currency amount to be paid or the U.S. dollar equivalent and the rate of exchange. The Office of Management and Budget (OMB) has asked that a special effort be made to ensure that contracts and other obligations are incurred in and paid for in foreign currency rather than U.S. dollars in countries where the supply of foreign currency available for the U.S. programs exceeds immediate U.S. needs (FAR, Part 25).

092034. Maternity Uniform Payments.

A. Maternity uniforms are authorized in the Unit Supply Update. Three years must have lapsed before a service member is entitled to buy a new uniform at U.S. Government expense. These uniforms are not in the supply system and must be purchased at an U.S. Army and Air Force Exchange Service (AAFES) facility.

B. The service member provides a doctor's statement about her pregnancy to her unit commander who prepares SF 1034. The unit commander will include the following statement on the SF 1034: *"Payment of supplemental maternity uniform allowance authorized by AR 700-84."*

C. The service member takes SF 1034, with the doctor's statement attached, to the paying office and receives payment. Service member must sign all copies of SF 1034 to acknowledge receipt; one copy is given to the service member.

D. One copy of the paid SF 1034 is sent to the military pay branch to be processed as a miscellaneous pay document from which a continuing remark will be printed on the service member's leave and earnings statement (LES) for 36 months.

092035. Military Clothing for Civilians.

A. Civilians employees are sometimes required to wear the U.S. Army field/utility uniform and footwear during field exercises conducted by military members. The Unit Supply Update authorizes civilians to buy these items from an U.S. Army Military Clothing

Sales Store(AMCSS) AR 670-1 authorizes insignia, obtained through normal supply channels, to be attached and worn on the field/utility uniform. Commanders may authorize OMA funds, not to exceed \$125 a year, to buy these items. Funds will cover the cost of attaching insignia to the uniforms.

B. The unit commander prepares SF 1034 (original and four copies) and a statement certifying the civilian is authorized and required to wear the uniform. The civilian required to buy the uniform takes the SF 1034 and statement to the paying office, signs all copies of SF 1034, and receives a cash allowance. One copy of-SF 1034 is given to the civilian.

092036. General Services Administration (GSA) Automatic Data Processing (ADP) Billings. GSA has a revolving fund used to rent ADP, teleprocessing, or timesharing services. Contracts under this program are awarded at installations but GSA pays the vendor and the FAO/DAO reimburses GSA. Finance and accounting officers/defense accounting officers must ensure they do not pay the vendors under this program. In addition, finance and accounting officers/defense accounting officers are to reimburse GSA within 15 days after receiving a billing whether or not a receiving/acceptance report has been received. After a receiving/acceptance report reaches the paying office, any discrepancies from the amount paid may be adjusted on the next billing.

092037. Reimbursements for Personal Expenditures.

A. Service members and civilian personnel should avoid using their funds to pay U.S. Government obligations. However, they can be reimbursed if they used their own money to make a payment under urgent or unforeseen emergencies.

B. Personnel who claim reimbursement after spending their own funds must show an urgent or unforeseen reason for doing so. The claimant prepares SF 1164 (Claim for Reimbursement for Expenditure on Official Business) and puts the following statement on the voucher:

"I certify this claim is true and correct; that there was an unforeseen and urgent reason to spend my funds; and that I have not received credit or payment."

(Signature)

(date)

C. The service member's commander or super-visor must approve the voucher. Documents to show the goods or services were received and essentials must be attached to the voucher.

D. U.S. Army personnel who barter away person-al valuables during escape and evasion may also be reimbursed. The commander or commander's representative must approve. The value of each item bartered must be listed and must show its age and condition at time of barter. This list is attached to the certified SF 1164 presented for payment.

092038. Official Recruiting Duty. A service member assigned to perform recruiting duty is entitled to reimbursement for actual and necessary expenses paid from personal funds in performing their recruiting duties. (See JFTR, Volume 1, Chapter 7, Part C for payment procedures.)

092039. Legal or Investigative Expenses. Legal or investigative agents are entitled to reimbursement for necessary expenses incurred while performing official duties. Such expenditure as police or court record reviews or transcripts, photographs, microfilm copies, parking fees, notary fees, and other miscellaneous investigative fees can be reimbursed.

092040. Professional Specialty Recognition of U.S. Army Medical Department Personnel. U.S. Army Medical Department personnel pay application and examination or board fees from their personal funds directly to the examining bodies. If travel is not involved, SF 1034 is submitted for reimbursement with the original receipt or a copy of the endorsed canceled personal check and the authorization from the proper commander .

SAMPLE TRANSMITTAL LETTER TO RETURN
IMPROPER RECEIVING REPORTS TO CUSTOMERS

Vendor pay Office
Street Address
City, State, Zip code

TL# _____

DFAS-(paying office)

Date

MEMORANDUM FOR: (Receiving Activity)

SUBJECT: Improper Receiving Reports

The receiving report(s) for the following PO(s) /contract(s) are being returned to your activity:

<u>Contract Number(s)</u>	<u>Reason #</u>	<u>Vendor(s) Name</u>	<u>Invoice Number(s)</u>
1. _____ _____	_____	_____	
2. _____ _____	_____	_____	
3. _____ _____	_____	_____	

Total number receiving reports(s) returned to activity is _____.

The receiving report(s) rejected for the following reason(s):

1. Missing contract number or purchase order number
2. Missing adequate description of supplies delivered or services performed (including contract line number)
3. Quantities of supplies or services received, or performed.
4. Missing merchandise delivered/accepted date(s) by authorized government official

Figure 9-1

5. Missing signature of authorized government official
6. Missing printed name, title, mailing address, or telephone number of approving official.
7. Other:

Receiving report(s) is/are being returned for not meeting the requirements of the Federal Acquisition Regulation (FAR) 32.905 F and DFAS-IN Regulation 37-1, Chapter 9, section 0903 and Appendix E.

Please fax or mail corrected receiving report to this office.

Fax Number:

Mailing Address:

POC:

Name

Phone Number

Figure 9-1 (continued)